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Edward A. Wynne

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What are the courts doing to our children?

EDWARD A. WYNNE

It has become clear over the past 25 years that our children have become extraordinarily destructive, both to themselves and to others. Youth suicides, homicides, and out-of-wedlock births are at an historic high. Crime and vandalism in schools are widespread and discipline has become more difficult for teachers to establish and maintain. What is happening to our children?

There is no one clear explanation. Still, I contend that the decline of adult authority in our schools, due to judicial decisions and the spread of legalistic relationships between students and faculty, are important causes for this disorder. Children, like adults, depend on a sense of community to lead happy and productive lives. And the persistence of community requires some form of structure and authority. Presumably, such structuring is even more important for the young, who have less training in community living than adults. To provide this structuring, schools were traditionally assigned the power to act towards students as if they were their parents. Unfortunately, and perhaps unwittingly, American courts have undercut the parental role of the schools and have replaced the subtle and complex relations between pupil, teacher, and administrator —relations previously based on legitimate adult authority—with

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discussions of children's "rights" and pettifogging litigation. In response, educators, stripped of their authority and their aura of infallibility, have abdicated their parental duties and have become mere custodians.

For children, then, the "victory" won in their name for rights to protect them against the authority of school officials has been a pyrrhic one. Constrained by legal rather than traditional bounds, they find themselves in schools without authority and without community. Alone, probably afraid, and clearly more "alienated" than those who once suffered the authority of their elders, American young people seem more bent on harming themselves and others than ever before.

Macrocosmic changes in youth conduct

The first thing to recognize is that the current levels of self- and other-destructive conduct among young Whites are at or near the highest levels in our history—from 1607 to date. Since 1955, three statistical measures of disorder among these youths—suicide, homicide and out-of-wedlock births—have climbed steadily upwards (Figure I). Both the homicide and out-of-wedlock birthrates are at the highest levels since the beginning of national recordkeeping, while the suicide rate is down slightly from its record high in 1977. Since the beginning of these rises in 1955, the suicide and homicide rates for white males, aged 15 to 24, increased 235% and 254% respectively. The rate of out-of-wedlock births for white females aged 15 to 19 increased 130%. The increase in the suicide and homicide rates among the white male age-group 15 to 19 parallels the 15 to 24 increase, although the base rates for the younger subgroup are lower.

As for comparative adult conduct during the period 1955-1978, the overall white adult suicide and homicide rates increased 21% and 156% respectively. The overall rate of white out-of-wedlock births actually declined. If we deducted the pattern of increase in youth suicide and homicide (those aged 20 to 24) from the overall adult rates, the rates of adult increase would be considerably lower—since a significant element of the adult increase was due to the increase among young adults.

We do not have comparable national trend data on youth suicide, homicide, or out-of-wedlock births before the years covered in Figure I. Still, the current highs for these data are far above any earlier recorded figures. And most sociologists agree—and the

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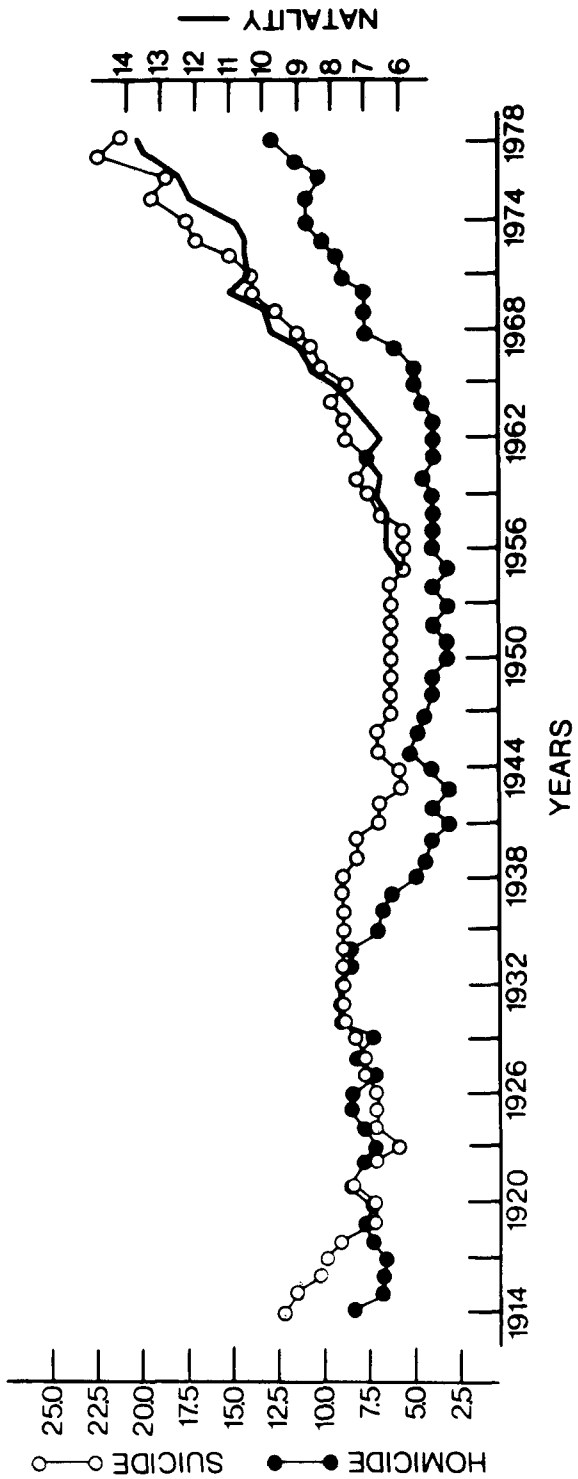
FIGURE I. *Changes in the Rates of Youth Homicide, Suicide, and Illegitimate Births*



Source: Vital statistics published by the U.S. Department of Health, Education and Welfare since 1956.
The graph measures the changes in the rates of (a) death by suicide and homicide from 1914 to 1978 for white males aged 15 to 24 (per 100,000 born alive), and (b) out-of-wedlock births from 1955 to 1978 for white females aged 15 to 19 (per 1,000 unmarried females in this age group).

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available data support them—that the phenomena I have been discussing are more common in urban than rural communities. But urbanization and suburbanization have substantially increased since we began to keep these data. Thus, we should conclude that none of the applicable rates which occurred before the advent of record-keeping—going back 371 years from 1978—are higher than our current rates. This is surely a remarkable development.

The absolute numbers of youths affected by the suicidal and homicidal acts fortunately are not too large: In 1976, only 3,354 white males in the age group 15 to 24 died through a recorded suicide. But the statistics have a significance beyond those limited figures. For example, in the case of homicide, the system counts not only death, but homicidal acts by others. Although the death certificates do not give useful information about the perpetrators of the homicides, it is likely that they are other white males, of about the same age. We should further expect that for each counted homicide there are innumerable other instances of woundings, assaults, and battery. Again, in the case of the suicides, the acts counted also imply other undetected completed suicides, attempted suicides, and severe instances of depression. As for the births out-of-wedlock, each such birth means a helpless infant is born to a comparatively immature female, and that some male has chosen to engage in a grossly irresponsible act. (Incidentally, the numbers of infants and females affected by out-of-wedlock births is, in absolute numbers, quite large: In 1978, 239,000 children were born to unmarried females of all races aged 15 to 19.)

Another relevant statistic deals with the question of youth drug use. The most precise data on this matter are derived from an annual confidential survey conducted of a national sample of the high school graduating classes from 1975 to 1980. The survey asks a variety of questions designed to measure the annual level of illegal drug use among this population. Putting the matter simply, the results disclosed that the level of drug use among the 1980 class had, at best, stabilized at the highest levels for the period covered. Although the survey did not extend back beyond 1974, the authors would undoubtedly affirm that, in their belief, all previous unrecorded national youth use-levels before 1974 were lower than that measured in 1980. This is not to say that sometime before 1974, in some community, there might have been a local level of drug use which surpassed the 1979 rate. But youth drug use, as a national phenomenon, is at its long-term high point. Any readers questioning this can conduct a simple personal test: Simply ask your

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friends over forty how easy was it for them to buy illegal drugs when they were of high school age, twenty-five or more years ago. For comparisons, among the 1980 seniors, 89% said it would be "very easy" or "fairly easy" to get marijuana; the equivalent figure for cocaine was 47.9%.

Statistics about youth crime, while they have their deficiencies, should also be considered. As of 1977, the most recent year for which national data are available, the national level of arrest rates for all persons under age 18, and for persons aged 18 to 24, corrected for changes in the size of the age groups involved, were at the highest point since 1950 (which is apparently the earliest year for which equivalent national data are available). The 1950 figure for the age group was 1300 per 100,000; the 1977 rate was 9100, a 600% increase. For the age group under 18, the figure increased from 200 (in 1950) to 6500 per 100,000 in 1977—a 3200% increase.

It is evident from the general picture portrayed by these statistics that our young people are taking less care of themselves, and acting more harmfully towards each other, than in any other period in our history. And this is precisely what is meant by self- and other-destructive.

The situation in individual schools

In addition to the macrocosmic statistics, destructive behavior by the young can be seen in a variety of local, or microcosmic, reports about contemporary levels of school disorder. These reports rarely make explicit temporal comparisons, since the persons involved cannot finally say whether some particular distressing contemporary incident also frequently occurred (or did not occur) in the past. However, certain clues about contemporary events can be derived from the incidents portrayed. In a recently published book focussing on operating schools in the Chicago area between 1972 and 1979, I and several researchers studied 167 schools, public and private, urban and suburban, and based the book on excerpts from 40 of those reports. As we consider the episodes described, it will be easy to see the relationship between the macrocosmic data just presented and the incidents occurring in and around individual schools.

A student came to a high school (where, as in most big high schools, there was a "drug problem") with the word "Marijuana" conspicuously stenciled on his t-shirt. The principal told him to go home and change the shirt. Later, the principal consulted with the school district law-

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yer and was advised not to impose such restrictions in the future, since the student might arguably have had the right to engage in such "free speech."

Student use of drugs and alcohol, and drug vending, were common in and around many schools during school hours. A female high school student reported the following typical incident: She and another student were smoking a marijuana pipe on the lawn in front of the school during free period. One of the school security guards looked out through a window and saw them. The students simultaneously observed the guard. They saw the guard leave the window, and realized he was going towards the door, to come out on the lawn and apprehend them. The girl put the pipe in the pocket of her dress. The guard arrived and had the girl empty her purse and (supposedly) her pockets. But he did not search her, or bring her in the building to be searched by another employee. The pipe was undiscovered, and the guard abandoned his pursuit. The guard realized he had been successfully deceived, and left vowing to "get them" the next time. But, from what the student told the researcher, he never did.

In a ghetto high school, the street outside the school was frequented by drug peddlers, pushing their wares mostly to passers-by, and sometimes to students. The police occasionally raided the street, but the peddlers would always return. Many of the students, during their free class periods, would hang out on the street among the peddlers and their customers. The principal attempted to turn the school into a closed campus, where students could not leave the building until the school day was over. The informant reported that many of the younger teachers—who believed in students' rights—opposed that measure. Since creating a closed campus required the majority vote of the teachers, the campus remained open.

A lawyer, in a smaller school district, advised the board that there should not be any pupil discipline rules written or disseminated for their schools. Apparently, the lawyer's assumption was that it would be harder for potential aggrieved students in discipline cases to prove liability if such rules were unwritten. Less than half of the public schools in the Chicago School District had clearly written, generally distributed rules for student discipline.

A female teacher's aide in a high school was assaulted by a male student and suffered a split lip requiring five stitches. The student was criminally prosecuted. But when the prosecuting attorney (and judge?) realized the incident occurred in a school, the charges were reduced from assault and battery to battery, and the student was released on twenty-five dollars bail. The student immediately returned to school attendance. The aide then asked her superiors if the student could be expelled or suspended, since it seemed likely that he would receive little or no punishment from the court. The superintendent, who was the superior of the school's principal, answered that any

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punishment such as suspension would violate the double-jeopardy principle.

These incidents disclose that many teachers and administrators feel harassed, lacking in authority, cynical, and unwilling to take clear and consistent stands in behalf of discipline either among their staffs or students. These beliefs and attitudes are evinced by their failures to promulgate effective, clear and firm discipline rules, or to enforce them. The students, similarly, often feel indifferent about their schools and education, and assume—as far as discipline goes—that a moderate sense of indiscipline is the norm in their institution. They expect their goods may be stolen by other students. In many schools, there are places the students are afraid (with good reason) to enter. Cheating is taken as a norm. Vandalism is a widely accepted emotional outlet. And various means of sexual expression on school grounds during school hours—which would be prohibited on almost any job site—are treated as legitimate activities. Sometimes it seems as if the responsible adults have turned over the management of the school to the most irresponsible groups of students.

The responsibility of the courts

The relationship between these distressing patterns and the decisions of our courts must be examined, like the statistics, from both a microcosmic and macrocosmic perspective. Microcosmically, the incidents described reveal the role of the law in several explicit ways. A judge consents to reducing charges against a student who assaults an aide. A lawyer advises a principal against acting to suppress a marijuana t-shirt. Another lawyer recommends to a school district that it not maintain written rules of discipline. Implicitly, several other microcosmic connections can be inferred. When the battered aide asked about expelling her assaulter, she was advised (by a layman) that this constituted double-jeopardy; that statement was incorrect, but given the slap-on-the-wrist treatment the student received in criminal court, one might imagine that a layman could feel that legal processes are extraordinarily protective of the rights of accused (and guilty) persons. Probably the security guard who was so circumspect about searching (or arranging for the search of) the girl with the marijuana pipe in her pocket was inhibited by the predictable complexities involved in conducting a legally defensible search.

Perhaps none of these persons had precise knowledge of the

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current state of the law on such matters; still, my work regularly brings me into contact with teachers, and their assumptions are that courts are generally reluctant to enforce dress codes, or might frown on closed campuses. These assumptions shape day-to-day conduct. We can also make certain inferences about the many problems that arise due to poor articulation and enforcement of rules. Essentially, the administrators involved are applying the same principle favored by the school district lawyer: If you do not put it in writing, then you cannot be held at fault. If you do put it in writing, and that writing is challenged, it is best to yield.

It is true that the direct engagement of "the courts" in the incidents described is minimal. The only formal court involvement dealt with the reduction of charges by a judge in a lower level criminal court. All the other "legal issues" related to the opinions of lawyers —some of them possibly wrong—the ill-advised legal opinions of some laymen, and some exaggerated and obscure lay impressions about the state of the law. Can one hold the courts responsible for most of these speculations and misperceptions? Ultimately, I think, the courts are significantly responsible for the present distressing situations in our schools. Courts, and judges, surely realize that their decisions not only shape case law, but also often determine climates of opinion. Those climates do not always bear a one-to-one correspondence to formal courts decisions, but the relationship is usually traceable. The fact is that the lay and lawyer reactions I have described are rational and predictable responses to the legal postures relating to student control, discipline, and rights which have evolved over the past fifteen years.

This posture may be characterized as highly ambivalent. On the one hand, some courts have been sympathetic to reducing educator control over pupils, or at least increasing students' formal rights. And we must appreciate the unique effects of such legalistic approaches in school environments. After all, schools are largely populated with children and adolescents, and managed by non-lawyers. Thus, the application of such approaches will often be cumbersome and confusing. Other courts (or dissenting minorities) have spoken for more traditional perspectives, essentially in sympathy with the theme of *in loco parentis*. All of these legal developments have occurred in an environment in which a variety of childrens' defense agencies and public interest law firms are trying to protect pupils from "unjustified" discipline. Under these circumstances, it is anyone's guess what the judicial outcome will be of any vigorously litigated and appealed case.

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The matter is further complicated by the different facts which can arise in each potential case. And the decisions stress that the facts of particular cases may often be determinative. But, for instance, consider the ramifications of the marijuana t-shirt incident. To give a legally plausible opinion on such a matter, a person might have to consider the size of the lettering on the shirt, its color, the location in the school where the shirt was worn, the previous warnings or rules issued, the ways they were made known, the age of the student, the level of the school's drug problem (a nice question of evidence), the nature of other past and present discipline problems in the school, the previous experiences and training on which the administrator based his judgment, and the relevant case law in the applicable jurisdictions. In sum, the concern for niceties, which litigation typically generates, is the antithesis of the "firmness" and "consistency" which is so important to safe and orderly schools.

Schools as custodians

School administrators in our society hold, at best, uncertain authority over their students—especially as the students grow older. Many students are compelled to be in school through the operation of compulsory attendance laws, or through the pressures of the credentialism practiced by many employers. As a result, many schools have little or no choice as to whom their students are, and are practically constrained from dismissing students whom they find unsuitable.

These facts seem self-evident, but they are often overlooked by persons critical of school discipline policies. To make the point more evident, contrast the powers held by persons in many other organizations over their clients, associates, or peers. Employers have a broad choice over whom they hire, relative freedom in firing, and can choose whom to promote or give raises. Furthermore, most employers can promise responsible employees good references, and threaten irresponsible ones with poor ones. Adult males and females freely select their marriage partners, and can (in our era) easily rid themselves of unsatisfying ones. There are only two important entities in our society which have no say in whom their "subordinates" will be, and who cannot easily cast unsatisfactory ones out: parents and public schools.

While this constraint on school authority seems evident, it really represents a relatively new situation. Perhaps no more than fifty

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years ago, many American adolescents had numerous other options open beyond attending school; and as a result, those who attended, but did not choose to conform, could be expelled with comparatively little public objection. Furthermore, in our era many students attend either private schools (where they must be "accepted"), or selective public schools. My professional impression is that discipline problems become most severe in general public high schools, where schools do not choose their students, and students have no wholesome, convenient place to go if they are forced out (and thus the schools are under pressure to keep them).

Due to the intensification of the school's custodial functions, it has become more difficult for schools to maintain order: The range of sanctions available to maintain discipline has greatly diminished. But another device for keeping order—apart from sanctions—is to protect the apparent inviolability of authority. This principle is evinced by a common teacher tactic: "Don't smile until Christmas." In other words, start the school year with a show of determination, and then gradually relax discipline as students see that the "iron fist" is always in reserve. Conversely, as experienced teachers realize, classes that begin with lax discipline are far more difficult—in the long run—to pull into shape. Applying this principle to administering discipline in contemporary schools, several propositions evolve: An educator should not suffer a loss of face before the students in a discipline issue, should not make rules he cannot surely enforce, and should not make public threats he cannot carry out. The personal repercussions from one public fallback on discipline can be far more severe than tolerating many non-confronted acts of indiscipline: In practice, this means: Do not take strong public positions in ambiguous discipline areas.

All this leads to a simple conclusion. The inadequacies in school discipline and authority presented in the preceding microcosmic outline were due to the need for the administrators to protect themselves from publicly losing face by taking the wrong side. And the lawyers who seemed to err on the side of overcaution on a grey issue were prompted by their recognition that their clients, as typical school administrators, were more concerned with acting defensively than with defending some discipline principle that might, some day, be sustained by the United States Supreme Court. By the time any hypothetical administrator is finally sustained by some appelate court, the administrator has already died a hundred deaths, as a result of the insurgency such litigation inspires. And if so many principals appear to be comparatively gutless, it is

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because they are making a realistic judgement that even an ultimately unsuccessful challenge to their authority can, during the interim, have disastrous repercussions.

Of course, one might argue that, even from a selfish viewpoint, a principal might be wise to litigate some issues and, at least in the end, reassert his authority. But this conclusion misinterprets the emotional and administrative economics of such litigation. The student bodies of schools are mutable and undergo a 100 percent change every three to six years. Furthermore, students are notoriously susceptible to fads. And most students, whatever their discipline deficiencies, are not essentially evil, so there are usually "natural" ceilings on the potential level of student disorder. Furthermore, principals are often transferred to other schools, and perhaps 30 percent of the principals in the country at any given time are within five years of retirement. Again, probably 95 or more percent of the public school administrators in America entered their profession by first becoming public school teachers; and it is evident that the teaching profession is not populated with litigious, assertive, argumentative persons. And there are no fiscal incentives for principals and other school administrators to undertake and win lawsuits: no raises are given for such victories.

There are enormous emotional and economic incentives for principals and other administrators to ignore student indiscipline and hope it will go away, rather than confronting it and accepting the problems of litigation. Ill-conceived court decisions affecting pupil discipline, therefore, will have much more longevity than equivalent mistakes affecting anti-trust law, environmental regulation, or areas of the criminal law. There is often neither the will nor the resources to carry forward corrective litigation—and so the effects of errors persist and fester. And such festering is a foreseeable outcome of broad decisions enlarging the in-school "rights" of pupils, as compared to the authority of their mentors.

The issue of community

The rights which courts usually enforce are those that enable us to assert ourselves; in effect, the courts make others leave us alone. And many of the students attending the schools described have attained certain unfettered rights—privacy against search, freedom from restraint of rules, or wide choice in the matter of dress. But there are other rights which are not so subject to judicial enforcement: the right to have others care for us; the right to have some

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authority over, and responsibility to, others; and finally the right to live, work, or learn in a community instead of an impersonal environment. These rights are, in fact, important to most human beings—and obviously are especially important to growing and vulnerable children and adolescents. Whatever the significance of these rights or needs, however, it is evident that their judicial assertion will not greatly increase their availability. Courts can try to erect shields around people so they will not be intruded on by unauthorized entities. But it is much harder for courts to compel others to act in a fashion befitting a wholesome community. In effect, ideal behavior cannot really be decreed; it must be preached.

Most research about the factors affecting suicide concludes that such conduct is closely tied to the relationship—or non-relationship—between the "committer" and some other group of persons. Putting it simply, people are more prone to commit suicide when they do not have predictable, significant relations with close networks of others. Thus, bachelors are the most suicide-prone class of adults, while mothers are the least. Mothers have too many obligations for them to feel justified in "deserting" their children, while the obverse is true for bachelors. The point is that pressure, as the term is popularly used, does not explain or predict suicide. Suicide is due to loneliness and the pressure which solitude generates. A mother under pressure will probably not commit suicide; a bachelor, under much less pressure, may.

Youth suicide is increasing, I contend, in part because schools and other formal youth environments have become less communal and less caring. Further, it is likely that the recent increase in formal students' rights has aggravated the depersonalization of our schools, and thus ultimately made things worse in two ways: by increasing the incentives for disorder, and by making it harder for students and teachers to be humane toward one another.

That communality has been diminished is partly due to the increase of disorder in schools. Undisciplined students are victimizing other students. Often, the conspicuous conflict arising in a discipline case is between a teacher and students, but usually the conflict first arises because the teacher is trying to discipline a student who is interfering with other—innocent—students. The undisciplined student is disrupting a class, cheating to depreciate the grades of conscientious students, vandalizing the school that everyone wants clean, tempting other students by using or selling drugs in the school, threatening other students, or so on. When teachers choose

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to ignore all threats or disruptions affecting other students, they really have few "discipline problems." The school might be chaotic, and most students filled with fear and anger—but the school can contend that no court protected rights are being violated. Adherence to this policy assures the spread of disorder, in all forms, and therefore greatly increases the unhappiness and loneliness of most school students. The victimization rate has gone up immensely.

The most direct evidence of this change has been the increased role of security guards, and other persons with purely authoritative roles, in enforcing school discipline. As one of the students interviewed in the Chicago study said, "the students respect the policemen on guard in the halls, because they carry guns." To reiterate the point, in 1975 the Executive Secretary of the National Association of Secondary School Principals estimated that the number of security guards in American schools had risen over the previous ten years, from near zero to 15,000 employees. While this change is distressing, it may be needed. After all, a student shot and killed another student in the halls of the school where the gun remark was made. But if only armed persons can feel secure in some schools, it is not surprising that many students experience feelings ranging from fear to at least prudent emotional withdrawal.

Some of my older friends, raised in Chicago, have sometimes asked me, "What has happened to the tough teachers of my youth? The legendary tiny old maids who could tongue-lash adolescent giants into humble submission?" And, my friends then go on to say, "The legends were real. I saw them in operation when I was a child, and they won fear and respect." My answer is that those old maids felt sure that: a) they would be backed up by the "power structure;" b) their students, despite their temporary recalcitrance, really wanted to complete school; and, c) if their students did not shape up, they would be quickly expelled. As a result, the students were relatively submissive, the teachers comfortable with their power, and few expulsions—and no armed guards—were necessary. In sum, it is not so much the attitudes of students that have changed, but those of adults. And the students have responded in a predictable fashion. It is almost as if we wanted to transform our youths into petty litigators who can only be ruled by animal force. In any event, it is the effect we have tended towards.

The second element of community is more complex than the elimination of relative fear. Communality is associated with caring —and engagement. And when teachers and administrators feel comparatively powerless to shape or reshape the conduct of the students

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around them (in part, through acts of disapproval and punishment), their indifference towards their students begins to increase. To exemplify this point, one teacher interviewed in the Chicago study, and working in a disorderly school, was asked if she would

> intervene in fights or violent situations involving students. She replied: 'I am not here to patrol or act like a policeman, but to teach.' She sees the school as a make-believe world, from which she escapes at the end of the day.

We may sympathize with the teacher's desperate protest. We have to remember, however, that "fights" between students often represent situations in which some bully is assaulting another student who has refused to pay tribute, or in which a male is belittling a female who rejects his advances. The teacher, by "refusing to act like a policeman," is refusing to try to identify or protect the innocent. Under such circumstances, it is not surprising that classroom teaching—in classes filled with students feeling fear and rage—is relatively unproductive. Despite the teacher's desire to escape, for most students the school is an all too real environment—an environment into which they are drafted, an environment which is unable to wall out the disorder of the surrounding neighborhood. The teacher may flee that environment at the end of her day; the students live in it in school and outside.

Recall the incident involving the security guard and the girl who concealed the marijuana pipe in her dress pocket. Evidently, both the girl and the guard knew it was there, and each knew that the other knew. And the guard, presumably, felt angry and humiliated. Furthermore, if the guard saw that student at some later occasion, it is likely that his resentment might color and constrain his conduct. Such a response would be sensible. After all, what sorts of humans would we be if we clung to persons who disobeyed and humiliated us and never showed remorse? Ultimately, if students continue to evade the rules successfully, the guard will become hostile or indifferent towards disorderly students—and still fail to suppress disorder effectively. As a result, the pool of disorder and disengagement will grow. In the end, many adults employed in schools see themselves as putting in their time, or simply presenting knowledge before students; they view the idea of persistent engagement with pupils as unrealistic and self-defeating. And in many schools, given the decay of adult authority, there is a certain logic to such conclusions. This does not mean that all pupils are lost in schools, or that all lost pupils are suicidal. But it does mean that

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the proportion of lost—or disengaged—pupils has increased, and that this has helped to spur the growing rate of adolescent suicide.

Of course the preceding explanation for the increases of suicide is not definitive, and it is surely not contended that changing patterns of students' rights (against adult intervention) are the primary cause of the increase. After all, Figure I reveals that many of the patterns of rising self- and other-destruction began before the liberalizing court decisions (and other shifts in school policies) of the late 1960's. Still, it is provocative to recognize that those many shifts in decisions and policies (whose effects are still in force) had no moderating effect on the curves of disorder—although the reins of overt adult control were considerably slackened, disorder has continued to rise. If we characterize the disorder as rebellion it is hard to see what the young are rebelling against, since they were less rebellious twenty years ago when there were more controlling teachers and administrators. One might even argue that they are now rebelling against the *lack* of proper and adequate adult intervention—there are too few reins.

The intellectual milieu

It is instructive and appropriate to see the relationship between the general rights-for-the-young approach of some courts, and some other recent trends affecting schools and other youth environments. Essentially, between 1965 and 1975, many youth serving agencies —and not just our courts—were sympathetic to efforts to lessen the constraints applied to the young. One theme of the era seemed to be "free the young." In schools and colleges grading standards were lowered in the expectation that releasing such pressures would produce beneficial effects. In residential colleges the principle of *in loco parentis* was gradually moderated or abandoned: More students lived away from the campus, or, if they lived in college housing, they were permitted, (and sometimes encouraged) to use various forms of co-ed dorms. The voting age was lowered. The minimum age for drinking was lowered. The selective service law, which had been in operation continuously drafting young males since 1948, was repealed in 1973. Many so-called "free schools" were founded, which were supposed to encourage the unconstrained creativity of the young.

A variety of rationales was offered for freeing the young. "Softer" grading would encourage more spontaneous and effective learning. Lowering the voting age would increase the political involvement

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of the young. The draft was unnecessary since the armed services could be maintained through the recruitment of able volunteers.

But, more important than these particular justifications—just as in the instance of the court decisions regarding discipline—was a strong predeliction to see young persons as prone to vital, spontaneous, beneficial conduct, and to see the demands and constraints generated by adults as usually unwarranted and harmful. Or, to rephrase the matter in slightly different terms, the disposition was to see the young as entitled to a status essentially similar to adults. (To put the matter less sympathetically, there seemed to be a denial that there were peculiar disabilities and obligations attached to being young.)

We are drifting towards the point where the authority exercised in many schools is founded solely on the threat of unfettered force, unqualified by emotional or intellectual legitimacy. When we train children that this is the only authority worthy of respect we are teaching them a fearful lesson. Perhaps it is time for our courts to give greater heed to legitimizing the power—minus guns and clubs —which adults have always exercised in our schools.

At this instant in our history it seems many of the specific rationales offered for "free the young" innovations are under criticism. And this article may be an instance of such a criticism in the general area of judicial intervention in student discipline. However, beyond the deficiencies of particular rationales, it is equally important to recognize that the broad goal of freeing the young is, in itself, seriously flawed. Young persons are equally liable to err as are adults and, given their relative immaturity, they may display their flaws in more destructive ways. An angry youngster may commit homicide, while a selfish adult may embezzle (and thus the young are especially prone to commit violent crimes). While both homicide and embezzlement are undesirable, most of us are more worried about murderers than embezzlers. Furthermore, young persons, who are most often the victims of their peers, are less able to protect themselves than adults. The traditional posture of the law has reflected these probabilities and subjected young persons to certain forms of more intense protection, scrutiny, and constraint. It is probably time for our country to recall these understandings we have partly cast aside.

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Private schools, public schools, and the public interest

JAMES COLEMAN

THERE is not one private school policy issue today, there are two. Certain proposed policies would expand the role of private schools in American education or at least make it easier to attend them; other policies would inhibit their use. Thus, there is the unusual situation in which conflict is so strong that support exists for policies that would go in exactly opposite directions. The principal examples of policies that would aid private schooling are tuition tax-credit legislation at the federal level, such as the Moynihan-Packwood bill currently in the Senate, and tuition vouchers at the state level, such as the proposal designed for California by John Coons, Professor of Law at Berkeley. The principal examples of policies that would restrict private schooling are attempts by the Internal Revenue Service to impose some form of racial-balance criterion on private schools in order for them to maintain tax exempt status. Opponents of the first set of policies argue that those policies would destroy the public school system; opponents of the second set argue that those other policies would destroy the private school alternative to the public system.

Another unusual aspect of the private-public education conflict, especially in its voucher incarnation, is that it cuts across traditional liberal-conservative lines. John Coons, for instance, was also

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the principal moving force behind the Serrano case in California, which brought equal financing to schools in California and elsewhere. Vouchers have been supported or proposed by conservatives like Milton Friedman and liberals like Christopher Jencks. Still another curious aspect is that the conflict separates action from advocacy for a number of persons: There are many who vigorously oppose making private school attendance easier and at the same time have their own children enrolled in private schools; and there are many who support private schools and still have their children in public schools.

The principal arguments of those who favor aid to private schools are that: (a) private schools provide better education; (b) attendance at private schools is available only to those who can afford it; therefore, (c) reducing costs of private schooling will make the better education of private schools more equally available to families of different incomes. What may be questioned in this argument is the assumption that private schools provide a better education. This assumption is one of the two central questions studied in the research to be summarized here.

The principal argument of those who support constraints upon private schooling, or oppose making it easier to attend them, is that private schools segregate different segments of the population, due to the "self-selective" character of these schools. The specific arguments differ. One, the oldest, is that private schools draw off the most economically affluent from the public school system, and then engage in further economic stratification among schools within the private sector, resulting in economic elitism in the schools. Another argument, the most recent, is that private schools segregate racially by drawing off whites from the public sector, and then further segregate among schools within the private sector as whites choose certain schools and blacks others. The only solution is for students to be assigned to particular private schools, as is ordinarily done in the public sector. One final argument is somewhat different. This argument says that assisting private schooling, by any public means, constitutes "establishment" of a church and thereby violates the church-state separation provision of the Constitution.

What is subject to test in these arguments, except the last, is the fundamental assumption that private schools do segregate different segments of the population. The truth of this assumption appears at first self-evident, but the matter turns out to be more complex: Public schools are themselves not perfectly integrated on these economic and racial dimensions, and there is already

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social self-selection within the public sector when people choose where to live. The question is whether the education system as it now stands, containing private schools, is more segregated along income, racial, or religious grounds than would be a system without private schools. Or to put it differently: Does the choice which results from the existence of private schools lead to greater segregation than the choice that exists within the public sector?

A study of school differences

To help address these important questions about private-public school differences, the National Center for Education Statistics held a conference in April 1981 at which the first reports of its "High School and Beyond" study of high school sophomores and seniors were presented and criticized. Both analyses had to do with comparisons of public and private schools, but the first one, conducted by Andrew Greeley, was focused mainly on the role of Catholic schools in the education of blacks and Hispanics. The second analysis ranged more broadly over the issues of achievement and segregation that I discussed above, and was conducted by Thomas Hoffer, Sally Kilgore, and me.[1]

As has become evident from the intensity of the response to these reports, the issues they addressed touched some very sensitive points—more sensitive than was anticipated by any of the authors, and certainly more than was anticipated when the reports were initially planned in the Spring of 1980. For this reason, it is useful to briefly review the results of the Coleman-Hoffer-Kilgore report here—an action which may also help to dispel the confusion created by what has appeared in the media—and to suggest something about the deeper and more sensitive questions which this report touched.

First of all, it is useful to give a sense of how schools in the public and private sectors differ. Public high schools (grades nine through twelve) enroll over 90 percent of the total high school population and have an average of 750 students, while the Catholic schools enroll about 6 percent and average about 500 in size, and the other private schools enroll between 3 and 4 percent and aver-

[1] The Coleman-Hoffer-Kilgore report was written in August 1980, and initially planned for release in the Fall of 1980. However, delays in the reviewing-and-revision process led NCES to defer its release until April 1981. The Greeley report was written in early Fall 1980, and also initially intended to be released in Fall 1980. A fuller outline of overall study is given in the research note at the end of this article.

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age only about 150 in size. The pupil-teacher ratios in Catholic and public schools are very similar but in the other private schools they are less than half as large.

Students and principals in Catholic schools are much more likely than students and principals in public schools to report that their schools have rules about student dress and that students are held responsible for damage to school property; students and principals in the other private schools report this more frequently than in public schools but less than in Catholic schools. Students in Catholic schools are much more likely than public school students to report that discipline in their school is effective, with the other private schools again in between. And both Catholic and the other private school students are somewhat more likely than public school students to say that school discipline is fair. Overall, *the evidence shows that discipline in the Catholic and other private schools is both stronger and fairer than in the public schools,* with discipline in the Catholic schools being strongest and that in the other private schools most fair (as perceived by the students).

Students in Catholic schools are much less likely to be absent or to cut classes than are those in public schools (again with the other private schools in between and closer to the Catholic schools) and public school principals are much more likely to report that absenteeism constitutes a problem in their school than are either Catholic or other private school principals. On other measures of student behavior as well, *students in the Catholic and the other private schools show far fewer "problems"—as reported either by the students themselves or the principals—than do those in the public schools.* Catholic school students do about half again as much homework as do public school students, and students in the other private schools do even more.

In all the above respects, Catholic schools are the most homogeneous, differing least from one another, while the other private schools are most heterogeneous, showing greatest variation in discipline and student behavior.

Achievement—public and private

This sketch of the differences between schools in the public, Catholic, and other-private sectors gives an indication of how these schools differ in their everyday activities. But it says nothing about the central policy questions. The question of whether there is higher average achievement in the private sector than in the public

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sector is answered very simply through a comparision of scores on standardized tests in the two sectors. The answer is that in the areas in which both sophomores and seniors were tested (in reading, vocabulary, and mathematics), students in Catholic schools and students in other private schools scored about two grade-levels higher than did students in the public sector. But this is not the question asked by the parent choosing between a public and private school, or legislators deciding whether to support a bill assisting attendance at private schools. They ask a question asked of me by a colleague shortly after the report had been released. He asked, "How can you determine whether the *same* child would achieve more highly in the private school? Couldn't the achievement difference be solely due to selection?"

This question—which asks whether the school itself really makes a difference, and if so, how much—is as difficult to answer as the first one is simple. But it is not impossible. An extreme way would be illustrated by pairs of identical twins with one twin from each pair assigned to School A, and the other to School B. If the achievement of the twin assigned to School A was consistently higher, this would be strong evidence that School A brings about greater achievement.

A study of identical twins assigned to different schools, or even a study of non-twins assigned randomly to different schools, could test the effect of the schools on achievement. With random assignment of non-twins, a larger number of children would be necessary for statistical reasons—but the conclusions could be just as strong. Absent this kind of evidence—a problem which is characteristic of research in the social sciences because of ethical constraints on "arbitrary" assignment (and random assignment is certainly arbitrary) to different settings which might have long-term consequences—other methods must be used to separate the effects of selection from the effects of the school itself.

We used three methods in our study. The first was to "control" the background characteristics of students through multiple regression analysis, in effect comparing achievement for students who have similar background characteristics. Seventeen background characteristics were used (including some which might be consequences rather than causes of achievement) in order to control as fully as possible, even to the extent of overcompensating, for selection into the schools. These background characteristics ranged from things like family income, to each parent's education, to ownership of a pocket calculator, to each parent's aspirations for the

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child's education. The result of this analysis showed that about half of the original difference in achievement is due to selection, and about half the original difference remains. Less remains in reading and more in mathematics, and slightly less remains in the other private schools than in the Catholic schools.

A second method of analysis examined differences between the sophomore and senior groups (adjusting for dropouts) and used the two groups to measure gains and learning rates between sophomore and senior year. *This method showed higher learning rates in the other private schools than in public schools in all three achievement areas, higher rates in the Catholic schools than in the public schools in vocabulary and mathematics, and equal Catholic and public rates in reading comprehension.* Learning rates in the other private schools were higher than those in Catholic schools in reading comprehension and mathematics, but the two sectors were alike in vocabulary.

This second method roughly confirms the public-private differences in the first analysis, though it shows achievement growth in the other private schools to be somewhat higher than that in the Catholic schools, while the first analysis showed the sophomore achievement levels to be slightly higher in the Catholic schools.

Better schools do better

Both of these methods for discovering differences among schools in their effects on achievement contain a potential flaw: There may be some *other* uncontrolled background factor which determines whether, even among students alike in all the characteristics that are statistically controlled, the better-performing students are selected into the private sector and the less-well-performing students remain in the public sector. This seems possible or even likely for those private schools which select entrants using admissions tests, but these constitute only a handful of schools, a tiny fraction of the more than 6,000 private schools with secondary grades in the country. It seems less likely for the vast majority of private schools in which admission depends on the parents' ability to pay.

Despite the improbability of selection accounting for the remaining differences, we carried out a third analysis. And it is this analysis which carries special implications for public education. The argument is as follows: *If* Catholic or other private schools bring about higher achievement for comparable students, and *if* they do so through those attributes measured in the research which distinguish

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Catholic and other private schools from public schools, *then* we should find achievement differences among schools within any sector, public or private. In other words, those schools within any sector which are like the Catholic and other private schools should have students performing at levels comparable to those in the Catholic and other private schools, while those schools in any sector that are like the public schools should have students performing at the public school levels.

The major measured differences between the public and private sectors, other than size, are those described earlier: differences in disciplinary climate, in academic demands, and in student behavior. Further, even when the backgrounds of students are statistically controlled, much of these differences remains—differences in homework, in student attendance and in-school behavior, and differences in the disciplinary climate perceived by students. These differences can reasonably be attributed to differences in school policy rather than student background.

When we examined, wholly within the public sector, the performance of students similar to the average public school sophomore, but with the levels of homework and attendance attributable to school policy in the Catholic or other private schools, and those levels of disciplinary climate and student behavior attributable to school policy in the Catholic or other private schools, the levels of achievement are approximately the same as those found in the Catholic and other-private sectors.

The first implication of these results is that they strongly confirm the school-effect results found by the other two methods. For the selection hypothesis necessary to account for these differences must be especially tortured, operating not only between sectors but also to the same degree within sectors, and operating to select students, on the behavior variables indicated above, into schools with particular disciplinary climates. Thus, the validity of the private-sector effects is strongly confirmed by these results.

A broader implication holds as well: that *these attributes described above are in fact those which make a difference in achievement in all American high schools no matter what sector they are in.* Schools which impose strong academic demands, schools which make demands on attendance and on behavior of students while they are in school are, according to these results, schools which bring about higher achievement. This is not to say that such policies are easy to institute in all schools. Public schools have greater constraints on suspending or expelling students than

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do private schools, for example, and quite beyond that, a public school principal may have less autonomy from the district in establishing a particular educational and disciplinary philosophy than does a private school principal. Rather, it may be said that in those schools where these policies *do* exist, students achieve more on average than in schools where these policies do not exist.[2]

Besides the overall difference between the public sector and the private sector in effects on achievement, there is another strong achievement-related difference—this time between the Catholic schools on the one hand, and the public schools and other private schools on the other. This is in the *homogeneity* of achievement: Catholic schoolchildren of college-educated and high-school-only parents achieve about the same, as do whites and blacks in those schools, even after other background characteristics are statistically controlled. This means that Catholic schools in general do less for students from the most advantaged backgrounds, and more for students from the most disadvantaged backgrounds, than do schools in the other-private sector. In both the public sector and the other-private sector there is a wide range of schools from the benighted to the elite; there is far less variance in the Catholic sector.

Do the private schools segregate?

The second major policy-relevant question examined in the report is whether private schools increase segregation. Segregation operates as the consequence of two different mechanisms: first, the segregation *between* sectors (that is, through high-income or white students going to the private sector), and second, through internal segregation within each sector. The segregation in American secondary education as a whole is a result of both between-sector and within-sector segregation.

As it turns out, the impact of the private sector on segregation differs in the religious, economic, and racial dimensions. Examining only segregation between Catholics and non-Catholics, the proportion of Catholics is, of course, sharply different in the Catholic, public, and other-private sectors—about 90, 30, and 17 percent,

[2] Nor is this to imply that the same factors would be critical in other settings or at other times in American schools when discipline would be taken as given. Results of the sort discussed here, while they point to factors that affect achievement in a given population of schools, will not hold in a population of schools which varies much less on the factors found to be important, or more on others. Twenty-five years ago, when discipline in American public schools was far less problematic than it is now, the results found here might very well not hold.

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respectively. This means that the between-sector segregation is very high. Within each of the three sectors, *given* the proportion of Catholics in the sector, the within-sector segregation is quite low. Taking together the high between-sector segregation and the low within-sector segregation, *the overall effect of the private sector is to increase somewhat the degree of religious segregation in American secondary schools*, relative to that which would exist if Catholic and non-Catholic students from the private sector were distributed into the public schools as Catholics and non-Catholics are now distributed in those schools.[3]

The impact of the private sector on economic segregation is somewhat different. Both the Catholic and other private schools have somewhat higher proportions of high-income students than do the public schools, and smaller proportions of the lowest-income students. The economic differences between sectors are not, however, especially high, with median incomes reported as $18,200 in the public sector, $22,700 in the Catholic sector, and $24,300 in the other-private sector. The economic segregation within each sector is also low, though there is more economic segregation in the public sector than in either of the private sectors or in both taken together. *The combined result of the between-sector and within-sector economic segregation is to give a degree of overall economic segregation that is not high, but is slightly higher than is found in the public sector.* In other words, it is slightly higher than would exist if private school students were redistributed among the public schools.

The impact of the private sector on black-white segregation is still different.[4] There is a substantial difference between the proportion of blacks in the public sector, the Catholic sector, and the other-private sector: about 14, 6, and 3 percent, respectively. *Within* the public sector, segregation is much higher than the black-white segregation in either of the private sectors or in the total private sector combined. *The joint result of the substantial between-sector segregation and the substantially lower private within-sector segregation is that there is no overall impact of the private sector on black-white segregation.* If whites and blacks now in private schools

[3] The results of such a "redistribution" are obtained very simply, merely by assuming that the public sector was expanded to cover all students, maintaining the same level of religious segregation now found in the public sector.

[4] There is no effect on the Hispanic/non-Hispanic segregation because the private sector has about the same proportion of Hispanics as does the public sector, and the degree of segregation within public and private sectors is about the same.

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were redistributed into the public sector in just the way whites and blacks are now distributed in that sector, there would be no greater and no less segregation than currently exists. This result may go against intuition, which sees the private sector as a haven used by whites when desegregation rulings are passed; but intuition overlooks the fact that suburban schools within the public sector are used as a haven to a much greater extent than is the private sector. Eliminating the private sector would hardly deposit whites back in the public schools they were attending, even those who had used a private school as a haven in the first place. It is probably less true to say that private schools increase the degree of racial segregation in education than to say that private schools permit a greater degree of residential integration by race than would exist in their absence.

Tuition as "tariff"

The results of this report, as I have described them above, are generally favorable to private schools. Further results in the report not described here are also generally favorable to private schools. A common response of some people, when confronted with these results, is the question, "But is the public interest served by assisting enrollment at private schools?" This is a question that merits serious attention, for private schooling on its face negates the classic American ideal of the public school.

I believe the matter can be usefully examined by viewing private school tuition as a protective tariff relative to tax support for free public schools. Just as a protective tariff on automobiles would protect the American automobile industry from foreign competition, private school tuition, measured against the free tuition at public schools, protects the public schools from competition by private schools. As students in first-year economics have learned, protective tariffs are generally inimical to the public interest. They benefit producers at the expense of consumers, but the producers they benefit most are those that would fail without the tariff—that is, the least efficient firms and industries. Protective tariffs keep resources employed inefficiently, lowering the general level of welfare, and opposing the general public interest. Furthermore, protective tariffs harm the interests of the least well-off, for the increase in prices relative to incomes (which is what protective tariffs bring about) hurts most those with the fewest dollars.

The effect of private school tuition and other barriers to atten-

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dance at private schools is very much the same. It protects the public schools to which students are assigned, and it protects most the worst public schools, those public schools that would be most depopulated by families' freedom to choose. It harms the consumers of education (the children and their families) and it harms most those to whom the price of tuition or the choice of school by moving residence is the greatest barrier—that is, the low-income family that is least able to leave a bad public school, and the black family that confronts the greatest barriers to moving elsewhere. (The evidence that this has occurred in American high schools is most fully seen in Greeley's report, which I have not discussed here.[5])

There are some conditions under which protective tariffs can be beneficial to the public interest—though as economists are quick to point out, these are rare, far less numerous than the arguments of certain producers would lead one to believe. In the same way that one must be suspicious of these arguments, one should be suspicious of public school arguments for maintaining their protective tariff. The most frequent condition under which protection is beneficial is when "infant industries" need a period of protection to get started.

Public schooling is not an infant industry, but a somewhat different argument could be made: There is a public interest (or perhaps a community interest or a national interest) in broad participation in common institutions. The same kind of argument could be (and sometimes is) made for the military draft, or for non-military national service. The same kind of argument could be made against "private schools in the public sector"—that is, homogenous elite public schools in homogenous suburbs. But there are two points of importance about this argument as it applies to private schools. One is that the public schools are no longer a "common" institution. Residential mobility has brought about a high degree of racial segregation in education, as well as segregation by income. The second point is that the public interest in common institutions is not an *overriding* public interest. It is a relatively weak public interest when measured against the public interest in helping all children, particularly those of the disadvantaged, receive a better education. It is a relatively weak public

[5] An interesting proposal that would give tuition vouchers, but only to children who do badly for a period of time in public schools, has recently been made by Barbara Lerner in *Minimum Competence, Maximum Choice: Second Chance Legislation*. This would eliminate the tuition tariff barrier in those schools which are doing worst for those students who are most harmed by the barrier.

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interest when measured against the interests of children who are being directly and manifestly harmed by the school environment in which they find themselves, but who are unable to escape that environment. That plight is a poor family's plight, not one that policy-makers find themselves in. It takes sympathetic identification beyond their own experience to recognize this plight.

Some part of the plight is of very recent origin, for it is only very recently that control of a community's schools has been taken largely out of the community's hands by federal (and to a lesser extent, state) intervention. Public schools have become an over-regulated industry, with regulations and mandates ranging from draconian desegregation to mainstreaming of emotionally disturbed children, to athletic activities that are blind to sex differences. It is in part these regulations, imposed on the community and the school, which are responsible for the slackening of academic demands and the breakdown of disciplinary climate that many public schools have experienced in recent years. And it is the disadvantaged who are least able to select a school, in the public or private sector, that continues to function reasonably well.

There may be a rationale for some protective barriers to encourage participation in the public schools, but certainly not those that exist now, which harm most the interests of those least well-off and protect most those public schools that are worst. In short, the tuition barrier to private schooling as it exists now is almost certainly harmful to the public interest, and especially harmful to the interests of those least well-off.

RESEARCH NOTE

The study from which these data were taken, titled "High School and Beyond," is designed as a longitudinal study of a national sample of high school seniors and sophomores of 1980. The study is sponsored by the National Center for Education Statistics of the U.S. Department of Education, and has been conducted by the National Opinion Research Center of the University of Chicago. The first wave of data, on which the results described in the article are based, was collected in the Spring of 1980. The sample of schools consists of 1,015 high schools, the sample of seniors in these schools (randomly drawn from the list of seniors in each school) consists of 28,465 students, and the sample of sophomores, drawn in the same way, consists of 30,263 students. The study is designed for examining a number of policy questions, perhaps the most central of which are those involving the transition of youth from secondary education to a variety of post-secondary activities and into adulthood. The data set, which will be augmented by subsequent waves of questionnaires at approximately two-year intervals, is publicly available for analysis from NCES. The two reports which have been released to date are "Minority Students in Catholic Secondary Schools" by Professor Andrew Greeley of the University of Arizona and NORC, and "Public and Private Schools" by James Coleman, Thomas Hoffer, and Sally Kilgore at the University of Chicago and NORC.

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"Policy intellectuals" and public policy

JAMES Q. WILSON

Nor since the 1960's has the course of public policy seemed more under the influence of ideas and so, presumably, of intellectuals. The two periods are different, of course. In the sixties, the ideas in question were those of liberal intellectuals and, since liberalism has long been the governing ideology of American politics, the intellectuals then in vogue were brimming with the kind of self-confidence that comes from the belief that they were in the vanguard of an irresistible historical impulse. Today, the ideas that seem to influence the administration of President Reagan are about how best to reverse, or at least stem, a political tide that has been running for half a century or more. Not surprisingly, these ideas are more controversial and their proponents feel more embattled than did their predecessors of two decades ago. In the 1960's, the "policy intellectuals" saw themselves as priests of the established order; today, their counterparts think of themselves as missionaries in a hostile country.

To find an approximate parallel, one must go back to the early years of the New Deal when the modern American governing system was first put in place. Then, as now, competing ideas struggled for influence; then, as now, there was agreement that an historic turning point had been reached but disagreement over the

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direction in which to turn. Ellis W. Hawley, in *The New Deal and the Problem of Monopoly,* has provided a vivid account of the conflict among strategies that divided political elites at the time. The cure for the depression was, for some, ending competition, and their solution was industrial self-government, culminating in the National Industrial Recovery Act. For others, the solution was national planning, an idea that received the enthusiastic support of intellectuals such as Charles Beard, Rexford Tugwell, John Dewey, and Stuart Chase but the indifference of most policymakers. And for still others, the solution was to reinvigorate competition by the strenuous enforcement of the antitrust laws and breaking up large corporations. Though the practitioners of the antitrust approach were mainly lawyers, especially former students of Felix Frankfurter, their practice drew theoretical inspiration from the work of academic economists such as Joan Robinson and Edward Chamblerlain.

Today, the effort to cope with stagflation has led to a conflict between "supply-siders" who emphasize tax cuts as a way of spurring investment and productivity, fiscal conservatives who emphasize cutting federal expenditures, and monetarists who emphasize controlling the money supply. The strength with which each view is held by economists seems inversely proportional to the amount of empirical evidence that it is correct. The practical consequences of adopting one idea or another may well be very great, but economists are deeply divided over what those consequences will be. One of the reasons for that division, as Herbert Stein has noted, is that ultimately economics depends on psychology —that is, on estimates of how people will behave given their perceptions of where the world is heading. About mass psychology we know next to nothing.

The influence of intellectuals

Contrary to what their critics often suppose, intellectuals are not usually the authors of particular policies. In no period, perhaps, did intellectuals have greater access to the wielders of political power than they did in the 1960's, and yet scarcely any of the programs enacted then came from their pens or even from their opinions. School administrators pressed for the Elementary and Secondary Education Act; welfare bureaucrats, together with the AFL-CIO, created Medicare and Medicaid; Justice Department lawyers fashioned the federal "war on crime;" congressional staff

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members and various publicists created many of the environmental and consumer protection laws; agency representatives together with the White House staff devised the "war on poverty;" legislators, acting under the prod of an impatient judiciary and a justly aggrieved civil rights movement, wrote the major civil rights laws.

One must be impressed by the extent to which the 1960's, so filled with presidential commissions, task forces, and peripatetic "action intellectuals," produced programs that chiefly reflected the efforts of government bureaucrats and their allied constituencies who had a stake in the management and funding of a proposed policy, working together with the political staffs of legislators and presidents who saw in a new program opportunity for national progress, personal advancement, or both. Intellectuals were asked for their advice and their findings; they gave copiously of the former and sparingly of the latter. But rarely did they actually devise a program or initiate a policy. There may have been two important exceptions to this record of non-influence: macro-economic policy, insofar as it was affected by the work of the Council of Economic Advisers and Treasury experts; and military strategy, insofar as it was shaped by "defense intellectuals" in and out of the Pentagon.

If the influence of intellectuals was not to be found in the details of policy, it was nonetheless real, albeit indirect. Intellectuals provided the conceptual language, the ruling paradigms, the empirical examples (note that I say *examples,* not evidence) that became the accepted assumptions for those in charge of making policy. Intellectuals framed, and to a large degree conducted, the debates about whether this language and these paradigms were correct. The most influential intellectuals were those who managed to link a concept or a theory to the practical needs and ideological predispositions of political activists and government officials. The extent to which this process occurred can be measured by noting the number of occasions on which a government official (or businessman, or interest group leader) was able to preface his remarks with the phrase, "as everyone knows. . . ."

It became a widely accepted "fact," for example, that sluggish economic growth would be stimulated, at no serious cost, by having the government increase aggregate demand by increasing the federal deficit. (Demand could also be increased by cutting taxes, of course, but that had several disadvantages—tax cuts were politically much harder to achieve than spending increases, they opened the door for demands that expenditures be cut, and they

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implied that individual citizens were better judges of what their money should be spent on than was government.)

A somewhat less influential concept was the notion that poverty was essentially the result of a lack of money and so a rational solution to the problem of poverty was to give more money to persons who had little. This idea, developed by both conservative and liberal economists as well as by intellectual critics of the social-service bureaucracy, led to various unsuccessful efforts to move the country toward a negative income tax or a guaranteed annual income (initially disguised, of course, as the "family assistance plan" or "welfare reform"). The advocates of the idea had some powerful images to deploy: A social-service strategy involved "meddling bureaucrats" and "endless red-tape" as the government tried "to feed the sparrows by feeding the horses." What they did not have was empirical evidence as to the work incentive effects of a guaranteed income or persuasive arguments that would induce those just above the poverty line to support being taxed to help those just below it.

One might multiply such examples endlessly. At one time, "everyone knew" that rehabilitation was the correct perspective through which to view the problem of crime; at a later time, "almost everyone knew" that deterrence was a better perspective. In 1938, when the Civil Aeronautics Act was passed, not a single economist testified against it because "everyone knew" that public regulation was necessary to prevent "ruinous competition" and public subsidy was necessary to help an "infant industry." Exactly forty years later, no economist could be found to testify in *favor* of airline regulation because by then everyone knew that competition was a more efficient way of controlling prices and routes. For about a quarter of a century, historians and others drew one lesson from the experience of Munich and Pearl Harbor: Unchecked aggression breeds further aggression. After Vietnam, the lesson was changed: Efforts to check aggression will breed further aggression, which in any event is not aggression at all, but "national liberation."

The most important source of intellectual influence on public policy, however, arises not out of the way in which particular problems are defined, but out of the definition of what constitutes a problem and what standards ought to be used in judging its problematic character. The two most powerful and enduring ideas in American political culture are so deeply shared that we are unaware—except, perhaps, when we visit other nations that have been shaped by quite different ideas—how pervasive they are.

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One idea draws on that part of our Puritan heritage that attached a high value to the rationalization and moralization of society. The other draws on a tradition that, though still ancient, is about two centuries younger than the first: the theory of natural rights, defined in 1776 as the right to life, liberty, and property and expressed today as a desire to maximize individual self-expression and the claims that the individual may make against society.

A nation that had been formed out of a feudal aristocracy, or by the slow extraction of concessions from a divinely inspired ruler, out of an egalitarian revolution, would not have these intellectual traditions. It would instead have a political culture that retained some substantial measure of agreement that citizens had obligations to the state and ought to defer to its officials. The relations between the state and the church would have been controversial, but the state would not have taken, in the name of freedom of conscience, the view that the church (or the churches) did not exist or that religion had no place in civil affairs. Such a society would have had relatively few voluntary associations and neighborhood groups bent on improving the quality of life at the local level; by the same token, such a society would have erected far fewer barriers to police and court action designed to help protect public safety in those neighborhoods. A state with a more collectivist origin and less imbued with the philosophy of individual rights would have been quicker than ours to adopt certain social welfare measures; a state without a Puritan compulsion to perfect man would have been slower than ours to enact laws to fix up the environment and regulate business-consumer relations.

There is no nation on earth that has so expanded the catalogue of individual rights and no democratic nation on earth that has made subject to regulation so many aspects of otherwise private transactions. Obviously, these two intellectual and cultural traditions are partially in conflict. The more we extend the scope of rights, the harder it is to regulate and to improve, and vice versa. As individuals, we sometimes try to reconcile the two by insisting on the maximum array of rights with respect to matters of self-expression or private conduct and relegating our desire to rationalize society to the domain of corporations (which need regulation) and the underprivileged (who require uplifting). But such a categorization will not work, as we discover when we try to decide about rent control, or the regulation of corporate advertising, or busing to achieve racial integration, or quotas for the admission of students in medical schools.

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Rather than searching American history for some device by which the philosophy of rights and the desire to moralize can be brought into some Grand Synthesis, it is better to view that history as alternating periods in which one and then the other impulse becomes dominant. The Puritan desire for the cooperative commonwealth and the moralizing community reappears in the settlement house movement of the turn of the century, the anticompetitive "business association" movement of the 1920's, the continuing desire to find a formula by which criminals may be rehabilitated, and the endless hopes we entertain for education. The revolutionary appeal of a philosophy of individual rights animated the anti-slavery movement of the 1830's, the feminist movement that began at almost the same time, the desire to find in the Constitution a "right of privacy," the periodic efforts to deal with the mentally ill and the criminal by deinstitutionalizing them, and the expanding list of behaviors that are to be decriminalized.

At any given moment in history, an influential idea—and thus an influential intellectual—is one that provides a persuasive simplification of some policy question that is consistent with the particular mix of core values then held by the political elite. "Regulation" or "deregulation" have been such ideas; so also have "balanced budgets" versus "compensatory fiscal policy" and "integration" versus "affirmative action." Clarifying and making persuasive those ideas is largely a matter of argument and the careful use of analogies; rarely (the exceptions will be discussed below) does this process involve matters of proof and evidence of the sort that is, in their scholarly as opposed to their public lives, supposed to be the particular skill and obligation of the intellectual in the university.

Doing intellectual work

There is little wrong with intellectuals taking part, along with everyone else, in the process by which issues are defined, assumptions altered, and language supplied. But some of them—university scholars—are supposed to participate under a special obligation—namely, to make clear what they know as opposed to what they wish. Those who listen to them ought to understand the circumstances under which intellectuals are more or less likely to know what they claim to know. Not all intellectuals are scholars—that is, persons producing and testing ideas under rules governing the quality of evidence—but those who are generally acknowledge, if

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they do not always follow, the thrust of those rules. Let us consider some examples of intellectuals doing their work poorly or well.

I start with three examples of scholarly work either poorly done or badly used. The Phillips Curve, formulated in the late 1950's, purported to show that for about a century there was a trade-off between inflation and unemployment: When unemployment was high, wages or prices were falling; when unemployment was low, prices were rising. There was no evidence that one thing caused the other and, as several economists were later to show, good reason to believe that one did *not* cause the other except in the very short run. Moreover, even the apparent correlation between unemployment and inflation was adduced from a period, much of it in the nineteenth century, when long-term declines in prices and wages were still possible. But as Allan H. Meltzer was later to write, despite the difficulties with the theory, "Phillips curves jumped quickly from the scholarly journals to the Executive Office of the President." The theory retained its grip on the minds of many economists and even more policy-makers for the better part of two decades. Policies enacted in its name served to increase inflation without decreasing unemployment.

The doctrine of mutual assured destruction (MAD) is an exquisitely complex exercise in strategic logic based on a quite simple premise: One nation will not attack another if it knows in advance that it will be destroyed by its victim's retaliatory capacity. As it evolved among American defense intellectuals and military planners, it required that the United States and the Soviet Union each make its cities hostage to the other's atomic weapons. MAD was based on a number of assumptions: That the United States would have the political will to retaliate, promptly and with nuclear weapons, if attacked by the Soviet Union. That neither side would think it had anything to gain by building a nuclear strike force greater than that necessary to destroy some large percentage of the other side's civilian population. That neither side would try to protect its cities against missile attack (if they were protected, they could not be hostages). That neither side would think it possible to win a nuclear exchange. It is no longer clear that any of these assumptions is plausible, if indeed they ever were. Though we cannot know with certainty their intentions, the missile building program of the USSR is consistent with the view that they think there *is* a military and political advantage to be had from possessing a larger nuclear force, that a nuclear exchange may be winnable, and that there are advantages to be had from defending their cities,

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passively (with civil defense) or actively (with missiles) from nuclear attack.

For many years, though less so today than formerly, it was widely believed among intellectuals that the proper solution to America's heroin problem was to engage in some form of decriminalization. If addicts can get heroin cheaply and legally, they will have no incentive to steal. If they have no such incentives, the crime rate will fall dramatically. England, it was thought, had adopted just such a system and as a result it had relatively few addicts and little crime. There is some truth in this argument (as there is in the others I have criticized) but not the whole truth. There is a good deal of evidence that heroin consumption, and thus heroin addiction, increases as the price of heroin, or the difficulty of finding it, decreases. Thus, efforts to reduce crime among confirmed addicts by decriminalization will have the effect of increasing the number of addicts, probably by a very large number. The number of known addicts in England increased dramatically when heroin was easily available; what is known today as the English system was the result of an effort to *reduce* the drug's availability by placing it under tighter government control. There are important disputes about some of the facts (how many addicts steal because they are addicts, how elastic the demand for heroin may be), but the essential issue is not a factual one at all. It is rather a moral and political one—how much of an increase in the number of addicts will you tolerate for a given decrease in the amount of addict crime? As conventionally set out in intellectual discussions, that question is usually skirted in favor of the confident assertion that there are no important trade-offs.

Now let me offer three examples of intellectual work well done. For decades, economists have attempted to estimate the effects on consumer welfare of government regulation of prices and government restrictions on entry in a variety of industries. The Brookings Institution sponsored a series of these studies and shortly thereafter the American Enterprise Institute launched its own series. The research dealt with aviation, railroads, trucking, shipping, electric utilities, securities exchanges, natural gas, oil, milk, and banking, and certain industries, notably aviation, were analyzed by several different scholars (Richard E. Caves, George C. Eads, James C. Miller III, William A. Jordan) located at different academic institutions and having, I think, a variety of political views. The simplest summary of this work has become well known: Price and entry regulation in these industries has raised costs to the

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consumer above what they would have been were prices and entry determined by market competition.

The effects on educational attainment of observable differences among schools has been a matter of almost continuous inquiry since the publication, in 1966, of the report by James S. Coleman and his colleagues. The original findings of the Coleman Report, put baldly, were that differences in the readily measureable features of schools —expenditures, pupil-teacher ratios, building quality, and the like— had little or no effect on academic achievement once you controlled for the family background of the pupils, and this was true for both whites and blacks. The original Coleman data were subject to the most intensive re-analysis by a variety of scholars, including Christopher Jencks, David Armor, David Cohen, and many others. New studies were begun, here and abroad. Though some quibbles arose, the central findings of the Coleman Report remained intact. Scholars then began to ask whether certain hard-to-measure, intangible aspects of schooling might make a difference—a not unreasonable possibility, given the enormous efforts made by parents to see to it that their children attended "good schools," efforts that obviously depended on the assumption that there was such a thing as a good school. Gradually it became clear that how the teacher conducted his or her classes and how the principal managed his or her teachers might well make a very great difference independent of curricula, physical facilities, teacher education, or pupil-teacher ratios. Eric A. Hanushek has summarized this evidence for American schools and Michael Rutter has shown the effect on London schoolchildren of differences in classroom "ethos" and teacher style. Thomas Sowell reached much the same conclusion in trying to explain why certain all-black high schools were so much more successful than others. In sum, we are beginning to form a clearer understanding of what aspects of schooling make a difference, and how great a difference; unfortunately, we are at the same time learning that those things that make a difference are hardest to measure or to manipulate.

For the better part of two centuries, the most progressive elements in society held tenaciously to the view that the proper social response to crime was to attempt the rehabilitation of the criminal and that other objectives—deterrence, incapacitation, retribution— were misguided, immoral, or likely to make matters worse. Beginning in the 1940's and extending over several decades, a number of scholars here and abroad sought to discover whether criminals could be rehabilitated, by plan and in large numbers. As readers

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of this magazine are all too aware, the investigations strongly suggested that most rehabilitative efforts failed, that the better the evaluation of the effort the less likely the effort would prove a success, and that the attempt to make rehabilitation the goal often resulted in unfair or inequitable penalties being imposed on offenders. When Robert Martinson published in 1974 his summary of over two hundred such studies, a fresh attempt was made to assess the literature. A panel of the National Academy of Science re-examined a sample of the studies and concluded that Martinson's discouraging conclusion was essentially correct, though the panel left open the possibility that some desirable rehabilitative effects might emerge from some properly designed projects. And there exist bits and pieces of evidence that rehabilitation may work for certain kinds of offenders under certain circumstances.

By now the reader may be entertaining the suspicion that I have somehow arranged for the examples of defective intellectual work to be those that support ideas of which I do not approve and for the examples of successful intellectual work to be ones that reach conclusions of which I do approve. Needless to say, I think my summary is fair and nonpartisan, but for the skeptics let me add one additional example in which research tending to support a policy view I like has not yet reached a level of clarity and consistency that would lead me to conclude that the matter is settled.

A number of efforts have been made to determine whether an increase in the probability of going to prison for a given offense will, other things being equal, be associated with a lower rate of committing that offense. A large number of studies have found that as imprisonment probabilities go down, crime rates go up. The work of Isaac Ehrlich is perhaps the best known of these studies, but there are many others. It turns out, however, that there are a large number of methodological difficulties that prevent one from concluding, without reservation, that the increase in imprisonment rates *causes* a decrease in crime rates. These difficulties chiefly arise from the fact that most of the studies use data of uneven quality and rely on aggregating those data into very large units (counties, states, or nations), that are then compared. A panel of the National Academy of Sciences (of which I was a member) identified a number of problems with such studies and concluded, cautiously, that whereas the "evidence certainly favors a proposition supporting deterrence more than it favors one asserting that deterrence is absent," and even though criminal sanctions surely influence at least some criminal behavior, the data from these ag-

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gregate studies do not yet conclusively establish a deterrent effect. Personally, I would be less cautious than the panel, for studies of the behavior of individuals and of business firms facing differing court sanctions—studies not subject to some of the problems discussed by the panel—are strongly consistent with the deterrence hypothesis. But I would certainly agree with the panel that, however one evaluates existing studies, one is not yet in a position to predict what would happen to crime if a city or state made a particular change in its criminal justice system.

Why some intellectual products are better

Not every reader will agree with my list of good and bad examples of policy-related intellectual work, even after I have added a pet idea of mine to the not-yet-very-good category. Such persons are invited to substitute their own examples. My argument is that after inspecting any reasonable list of good and not-so-good intellectual efforts we will be able to make some generalizations about the characteristics of better or worse policy analysis.

The better examples tend to have these features: They involve statements about what has happened in the past, not speculations about what may happen in the future. They are evaluations of policies that have already been implemented. Firms were regulated; one could then compare the distribution of costs and benefits of that regulation before and after the policy was implemented. If there was any single fact that was of crucial significance in making persuasive the argument that price and entry regulation had adverse effects on consumers, it was the comparison of rates charged by unregulated intrastate airlines (for example, those linking San Francisco and Los Angeles) with those charged by regulated interstate airlines (for example, those connecting Boston and Washington, D.C.). Even so, it was necessary to look carefully for other factors besides regulation that might have affected prices (there were some, but they were not decisive).

Similarly, conclusions about the effect of rehabilitation programs on offenders were most persuasive when they derived from measuring, not the criminal tendencies of persons who in the ordinary course of events might or might not have been exposed to some form of treatment, but the actual effect of a particular program on a random sample of persons who were exposed to it as compared to the effect of doing nothing to an equivalent random sample of offenders. Much of the debate about the original Coleman Report

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on schooling arose from the fact that it analyzed the natural variation in educational attainment among persons in existing schools. The most impressive support for its central findings (and some interesting new findings about how schools may make a difference) came from following a specific group of youngsters as they worked their way through a dozen or so schools of differing quality (as was done by Rutter in London).

The intellectual claims on behalf of the Phillips Curve, by contrast, were based on projections into contemporary America of observed relationships between employment and inflation in past eras and other places. The claims about British heroin policy were based on a misunderstanding of that policy extrapolated to a wholly different culture and with little regard to the full range of costs and benefits of even the original British policy. The arguments in favor of MAD made assumptions about the likely motives of our adversaries that were not susceptible to empirical verification, and were probably wrong, at least in the long run.

Almost any form of policy prescription involves reasoning by analogy: If two phenomena are alike in one respect, they will be alike in another respect. If something works in one circumstance it will also work in another similar circumstance. The case for analogical reasoning is stronger the more similarities there are between two situations, but it can rarely, if ever, be a conclusive case. The next situation may be different in some important but unsuspected feature. The closest we may come to making a conclusive argument is when the research involves the evaluation of a controlled experiment; the next closest involves the evaluation of a quasi-experiment supplied by historical circumstance. The best studies of criminal rehabilitation were based on controlled experiments; the best case against airline regulation was based on the quasi-experiment created by the existence of unregulated intrastate airlines in California.

Beyond the method employed, the quality of an intellectual argument about the likely effects of a policy is highest when there have been many cases studied by many different investigators, using different sources of data. If they agree, it does not prove they are right (their agreement may depend on an unexamined false assumption they all share) but it increases the odds they are right. The Surgeon General of the United States was able to draw upon hundreds, perhaps thousands, of studies of the effect of smoking on health in reaching his conclusions; by contrast, as Lawrence Sherman of the Police Foundation has pointed out, our knowledge

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of the effect of the police on violent crime must depend on either the judgment of practitioners or the results of one or two studies.

The role of intellectuals

If my argument is correct, then the role intellectuals *as scholars* (rather than as partisan advocates or insightful citizens) can play in the making of public policy is likely to be small. There are relatively few areas of public dispute wherein one can find the amassed data, the careful analyses, and the evaluated experiments that would entitle us to assign a very large weight to scholarly arguments about the likely effect of doing one thing rather than another. Moreover, for scholars to know anything at all about what works, it is often necessary for the government to try a new policy under circumstances that permit independent observers to find out what happens. This does not often happen, but it happens occasionally, as when the government tried to find out the consequences of providing persons with a guaranteed annual income (or a "negative income tax"). But even when it happens, it is risky to assume that what proves to be the case in a small-scale experiment among persons who know they are the objects of an experiment (and who know that someday soon the experiment will end) is the same as what will happen if the program is put on a national basis and a permanent footing.

It would be interesting to know, for example, if the much-discussed Laffer Curve, that purports to show the relationship between tax rates and tax revenues, will turn out to be true. At present, there is not more evidence for it than there once was for the Phillips Curve—probably less. And such evidence as does exist is highly analogical: Circumstances here and now must be sufficiently like circumstances elsewhere and in the past so that a sharp reduction in tax rates now will have the same effect as they may have had twenty years ago in this country or more recently in other countries. We are not likely to find out unless we try, but unfortunately we cannot try in incremental or experimental steps: We either do it decisively, and for a long term, or not at all. It is a bold scholar indeed who will speak confidently about what will happen.

All this suggests that intellectuals are probably at their best—that is, do things they are best suited to do—when they tell people in power that something they tried did not work as they expected. No one should be surprised, then, if scholars who behave in their traditional roles turn out to be highly unpopular.

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Perhaps this unpopularity may help explain why the Reagan administration proposed sharp cuts in the support given to social science research by the National Science Foundation and why congressional leaders of both parties have regularly pressed the NSF to support only that research that is "relevant" to meeting "national needs." No doubt the NSF and other agencies have supported a great deal of low-quality basic research and a large amount of supposedly "policy relevant" research that in fact makes absolutely no contribution to any national need. The current political attack on social science is quite understandable given the absurd claims that some social scientists have made about the possibility of "breakthroughs" that will "lead the way" to the "solution" of national problems.

But the terms of that criticism compound the initial error. Congress seems bent on preserving the fiction that scholarship can and should operate by identifying problems, amassing evidence, and then devising a solution to those problems. If scholars have not done this, then it must be their fault, and they should be punished. But the study of human affairs can rarely proceed in this manner. Good intellectual work is typically retrospective rather than prospective, and even then its findings are ordinarily highly dependent on the particular circumstances of time, place, and culture. Moreover, it is quite difficult, if not impossible, to predict in advance which scholarly proposal will produce truly interesting results. None of these difficulties can be overcome by demands from Congress that research be more "applied" or that greater external control be exerted over the research that is done.

Scholars need no additional urging to attend to areas of national interest: They already rush like lemmings in directions set by policy. Research on the consequences of schooling, desegregation, government regulation, and crime control methods followed the emergence of public concern about such matters. The contribution such research can make is to establish and sustain among a large number of practitioners a continuing intellectual dialogue by which assumptions are questioned, early findings re-examined, and new avenues of inquiry identified. Knowledge may or may not accumulate, but the standards of evidence are clarified and bad ideas are (usually) detected. Moreover, out of this sifting, new ways of thinking sometimes arise. This last may be the most important result of all.

Intellectuals do not simply test, evaluate or (where bold) predict. They supply, as I remarked at the outset, the concepts by which

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we define important parts of reality. They lead us to see old relationships in new ways. They do this without drawing on any special training or expertise and their conceptual language is rarely susceptible to verification; in short, what a natural scientist or social scientist learns in preparing himself to be an intellectual is rarely what gives him that influence that some intellectuals have.

There are countless examples of an idea serving, quickly or gradually, to alter the terms of a debate and realign existing political coalitions. When Milton Friedman first proposed, over two decades ago, that parents be given, at state expense, vouchers which they could use to purchase education from any of several competing purveyors, it was either ignored or derided. (I know—I once, in about 1960, tried to convince a group of school officials of the merit of the idea. I recall one of them referring to me as a "communist.") Today the voucher idea, though not universally accepted, is taken seriously as a way of altering the production and consumption of education. The tuition tax credit, should it be adopted, may be a way station en route to the voucher idea. We still do not know whether it is a workable, or even a sound, idea, but we do know that one cannot seriously discuss public education without considering that idea.

Criminal deterrence is another such idea. I think it a plausible one, though I cannot prove it to skeptics. But the willingness of intellectuals today, as opposed to those ten years ago, to take the idea seriously and weigh it against other goals of criminal justice has altered, at least for the time being, the terms in which crime is discussed.

The all-volunteer force is not a new idea—until the Second World War, it was virtually the only idea anyone had about how best to maintain an army—but it is a new idea in the context of present circumstances: For the first time we have attempted to maintain a large, peacetime standing military force by competing in the labor market for its members. I am skeptical that it will work in the long run, but in the early 1970's it would have been politically impossible to have rejected the idea and intellectually impossible to have disproved the idea without trying it.

So also with supply-side economics. What is most striking about it is not the weight of evidence and argumentation mustered in its behalf, but the fact that in the space of a few short years it has fundamentally altered the terms of debate about economic policy. Not too long ago it was still possible, albeit only with some major simplification, to explain to students that macroeconomic policy was

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either Keynesian or monetarist. Now there is a third (and possibly a fourth or fifth) contender. Political conservatives, who once only knew that they disliked that feature of Keynesian economics that led to rising government expenditures, now discover that they must choose between several competing remedies for this problem: cutting taxes (and cutting expenditures on the side, at least a little bit) or cutting expenditures (and maybe leaving taxes where they are), or possibly controlling the money supply and forgetting about the budget.

In short, what intellectuals chiefly bring to policy debates, and what chiefly accounts for their influence, is not knowledge but theory. Someone once jokingly referred to a well-known west-coast think tank as "the leisure of the theory class"; the phrase was mistaken only in implying that theorizing and leisure are compatible activities. We have seen one particular kind of theory—the notion of economic man, rationally pursuing his self-interest—make great headway in some quarters only to be met by other theories moving in a different direction. There is little point in denouncing theory as an inadequate substitute for experience, knowledge, or prudence (which it is); it will be propounded, it will affect policy, and those skilled at formulating it will rise in influence. Moreover, theorizing is not the same as empty talk. Good theory calls attention to obvious truths that were previously overlooked, finds crucial flaws in existing theories, and reinterprets solid evidence in a new light. And some theories, if adopted, will make us all better-off. The problem is to know which ones.

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The three-party system—1980 and after

AARON WILDAVSKY

THE election of 1980 could be the beginning of a Republican renaissance, but it could just as well be the beginning of the end for the Republican Party. It could be the herald of limited government, but perhaps it is the siren song of big government, dashing—on the rocks of desire for power—the naive hopes that less could be more. My point is that the importance of an event lies not only in the event itself but also in its results. When we ask whether 1980 was a critical election, we are asking about more than whatever is in the Reagan administration and its supporters: We are asking what the world will do to them as well as what they will try to do to it.

With a Republican administration in the White House, a slim Republican majority in the Senate, and gains in the House of Representatives, it is easy to imagine the Republican Party in the ascendant. But, as the song says, "It ain't necessarily so." In the last 50 years the United States could reasonably be characterized as having a party-and-a-half system. Something like two-thirds of the

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potential electorate (including so-called independents who lean toward one party or the other) identified themselves as Democrats. Governorships and state legislative majorities were preponderantly of the Democratic Party persuasion. The Senate in the past twenty years was largely Democratic, the House overwhelmingly so. One can gauge the weakness of Republican representation in Congress by observing that it was difficult to imagine any election that would give that party control of the House. Are you a whole party when you are not even a potential majority party?

Just as one swallow does not a summer make, a single election does not restore a party to the position of a constant contender. Only winning the enduring loyalty of a near-majority of voters can do that. And to begin to do that the Republican administration must be seen to be successful in maintaining peace and securing prosperity. In view of the turbulence of the international economy and the less than perfect understanding of the domestic economy, however, no government is able to assure success in simultaneously reducing inflation and decreasing unemployment. Nor can any government, hawkish or dovish, assure peace. And should a war arise by necessity or by choice (even if citizens or politicians can tell which), who can say whether it will secure public support?

I mention this only to suggest that even the short term, let alone the long term, future of the Republican Party is not assured. It would not take all that much—a decline in the standard of living, a nasty little war, a scandal or two—to diminish Republican representation below its pre-1980 levels. Then there would be talk about the disappearance rather than the resurgence of the Republican Party.

Indeed, the question in 1981 and thereafter may be what kind of party will replace the Republican. Years ago, writing about state politics, V.O. Key set out the syndrome: Step one—party activists are more radical (right or left) than party voters; step two—party activists, because of their intense participation, control party policy; step three—activists nominate candidates whose policies are unacceptable to most voters, including a majority of its own party; step four—voters move to the primaries of the majority party; step five—the minority party, deprived of its more moderate members, becomes still more extreme, thus alienating more voters, until it disappears. I should add, to deepen the gloom, that by the reverse process the majority party becomes so diverse it has difficulty formulating a coherent policy and implementing it because lopsided majorities tend to weaken party discipline. If this sort of thing keeps

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up, as Jeanne Nienaber told me, politics may replace economics as the dismal science.

As soon as the clamor over the "imperial presidency" of Vietnam and Watergate subsided, the presidency appeared less conquering than conquered, more impotent than potent. The decline of multi-issue coalitions, the rise of single-issue interest groups, the fragmentation of power in Congress and within the executive, the concentration upon government as a solver of national problems, all this and more has been cited as reasons for the unsatisfactory performance of presidents in recent times. Can it be coincidental, Americans wonder, that presidents are impeached or fear to run for a second term or are defeated when they do? Is it mere happenstance that the loser of the last three presidential debates—vice-president Nixon versus Kennedy, President Ford versus Carter, President Carter versus Reagan—has been the incumbent? Hard luck? Systemic defect? Unforgiving environment? Whatever the explanation, the proficiency and popularity of presidents does appear problematical.

"Responsible" and "irresponsible" parties

There are three parties competing for control in the United States —the parties of government, of opposition, and of responsibility. The party of government, as its name implies, is literally for expanding the role of government—more is better. The citizens it seeks to create are employees of, producers for, or beneficiaries of government. You name the problem (energy, inflation, employment, poverty, pollution) and they have a governmental solution—rationing, price control, entitlements, welfare, regulation. The party of opposition is opposed to growing government; it is for increasing the absolute and relative size of the private sector—less is more. Its citizens seek to give to (not to take from) government. Placed in this crude conceptual vise, there is a race for the allegiance of citizens, one party (Democratic) trying to tie them to government, the other (Republican) trying to tear them away.

What and where is this third party? It is the party of fiscal responsibility, composed of the deviant wings of the major parties. Though Democrats generally prefer to meet difficulties by increased spending, its responsible wing will, when inflation strikes, decrease spending and increase taxation. Though Republicans prefer to decrease spending, their responsible wing will, when faced with unemployment, increase spending, and, with deficits, increase taxation.

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The party of responsibility is not a conservative but a conserving force. It is reactive. It tends to preserve whatever is there. If government is small, it will remain so; but if government is large to begin with, government will end up the same way it started. The difference is that the party of responsibility will curb what it sees as excess. If government has been growing too speedily, the party of responsibility will slow it down. If it has been growing too slowly, the responsible party will speed it up. Stability is the name of the game for the party of responsibility.

To understand the central tendency of the doctrine of responsibility, it is necessary to set it in the context of its main rival in modern times, the party of government. The politics of the party of government may be expressed in the same word Samuel Gompers used to characterize the demands of trade unions—more. It promises more subsidies, and more loan guarantees and more tax expenditures to business; and it promises more entitlements and more indexing and more welfare to individuals. Ultimately, it promises success, for its various policies are held together by the desire to guard against failure. This is how the social insurance state, whose purpose was to place a floor beneath the worst individual adversity, became the state of success in which no one—business or person—is allowed to fail.

The political appeal of promising more needs no explication by me. Benefits appear in the present and costs only in the future. By this time, a majority of Americans receive some sort of stipend (a tax expenditure like housing deductions or loan guarantees for middle class students count as well as welfare for poorer people). What we need to explore briefly is how the party of responsibility relates to these perennial promises.

Two things turn out to be irresponsible—making future promises and failing to honor past ones. More promises are irresponsible because the debt created leads to inflation and the future resources required lead to higher taxes that lead to less investment. "Slow down while there is still time" is the advice. Social stability, however, according to the party of responsibility, requires that past promises be perpetuated. To do otherwise would cause social unrest, upset expectations, depress morale. The end result is not the same size of government but the larger size inherent in past promises.

Look at the likely financial consequences of a fiscally responsible policy: The rate of spending increase is slowed down and the rate of tax increase is speeded up. The spending slowdown, it must be

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understood, is not a spending decrease but a pause to enable revenue to catch up, thus bringing the economy into some sort of balance. Spending reductions result in direct deprivation of groups accustomed to receiving largess; by contrast, tax increases appear relatively painless—indirect taxes like those paid by employers on payrolls and direct taxes, like the "bracket creep" that pushes people into higher categories in an inflationary period, are favorite devices. When a responsible government leaves office (Jimmy Carter's or Gerald Ford's administrations may serve as prototypes) the effective tax take is much higher than when it took office, and so is spending, except that they have not risen as fast as in prior years.

The legacy of responsible government

What happens, we may ask, when elections are fought between parties of responsibility? The question is relevant because most elections in the United States are fought on this basis: The moderate left offers somewhat more and the moderate right somewhat less spending. If the responsible right appears disadvantaged, at least for all offices outside of the presidency, that may be because promising more has an advantage over promising less. Or the people may trust politicians who want government to do marginally more to do just that. The answer to our question, however, lies less in what the parties promise than in what they do: What happens when parties of responsibility succeed parties of government?

Let us take President Lyndon Johnson's time in office as the party of government. In 1968 Johnson was replaced by Nixon who was impeached and succeeded by Ford who lost to Carter. The time from 1968 to 1980, according to my criteria, was one of the party of responsibility, first conservative, then liberal. During that period, Republicans were in power in eight out of twelve years. Looking at trends in spending and taxing, it is apparent that both have gone way up. Taxes take a considerably larger proportion of income and spending a substantially larger proportion of GNP, and this during a period when inflation-adjusted spending on defense, despite the Vietnam war, remained constant. What spending would have been had the party of government been in power one can only imagine; it has certainly been substantial in real dollars and in proportion to the private sector. Evidently the momentum in the programs inherited from the party of government was sufficient to go far, even when the brake was gradually applied. The effective tax increases during this period—social security, windfall profits on oil, and in-

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flation are among the largest in peacetime in American history—no doubt helped to sustain the upward spiral of spending.

It is the political legacy of responsibility that is of interest to us. To the degree that it is successful, taxes are higher than they were and expenditures are lower than they would have been. Such a situation constitutes the ultimate opportunity for the party of government, which can promise spending increases without immediate increases in taxes. Since the rate of spending has slowed down, but is still going up, the base for building future increases has been enhanced. And since the tax base has been enlarged, the flow of resources has been speeded up. This is how promising more spending without increasing taxes becomes politically palatable.

The party of opposition is in a less advantageous position to succeed a party of responsibility. Driving down spending calls for large and visible decreases; talk of "waste" has to give way to elimination of entire programs or multi-billion dollar reductions in existing ones, neither of which is easy to do and all of which take time. Tax cuts are politically promising but economically dangerous. Since spending is still high, and deficits grow, it is tempting to bring spending down prior to reducing taxes. Before its adherents know what is happening, the party of opposition has become the party of responsibility.

An illustration of the difference that being in government makes comes from David Stockman, Director of the Office of Management and Budget. An advocate of immediate tax cuts and a member of the putative party of opposition, Stockman believes that tax cuts are necessary. Asked about the "windfall profit" tax on oil company revenue, however, Stockman admitted it was not a desirable tax, but nevertheless went on to say that the tax is a "pretty prodigious source of revenue" so that, in view of the growing deficit, he would not abolish the tax right away.* In this case, not now means never.

As things stand, the party of government and the party of responsibility rule. Some countries (Israel is an example) have only parties of government. Others, like Britain, have largely been ruled by parties of responsibility, whatever name they give themselves. The sameness parties show when in office is due to the fact that there are only modest differences between a responsible party of the left that allows spending to keep up, and one of the responsible right that holds spending increases down. Though Prime Minister

* *The Wall Street Journal*, January 9, 1981, p. 6.

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Thatcher's government is widely believed to be a party of opposition, for instance, it came into office by increasing its value added tax (comparable to a sales tax) by 15 percent. What would a government of opposition have done? Cut the value added tax, for that alone, like a reduction in the taxes employers pay on wages in America, would have lowered instead of increased prices. How would the government have made up the loss in revenue? By deeper cuts in public spending and by lower contributions to state industry. The deficit would have been used to compel cuts in spending, not increases in taxes. How would the government cope with the resulting increase in unemployment? By lowering taxes to spur industry. Suppose there is social unrest? Suppose the policy does not work as well or as quickly as desired? Nothing guarantees success. A genuine party of opposition wants to lose as well as win on the issues that matter to it—the relative sizes of the public and private sectors.

Which way will President Reagan's government go? Will there be more citizens independent of government after his time, as befits a party of opposition, or will there be as many or more dependent on it, as would emerge from a party of responsibility? To put the matter in policy terms, is there to be a balanced budget at higher or lower levels of spending and taxation? Speaking in terms of social philosophy, is the domestic government to be made larger because to do otherwise would be "simplistic" rather than smaller because that is desirable?

Will we hear more about "waste" or will we hear that it is desirable for government to do less? Then we will know if the president belongs to the party of opposition. After he leaves government, will President Reagan say, as the former governor of California did, that he reduced the rate of increase in spending? Then we will know that he stood with the party of responsibility.

Can opposition last?

Just as the importance of the 1932 election was determined by the elections that followed, the significance of the 1980 election depends on what happens afterwards. The most likely result of any election, however, is that things will be much the same afterwards as they were before. There are reasons things are the way they are and these are usually powerful reasons based on more than inertia. Following the path of least resistance, then, the Reagan presidency should look, if not like Carter's, then at least like Ford's.

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Like most of his predecessors, President Reagan will get some of what he wants (none, needless to say, got all). Spending and taxation will be lower than they would have been but probably not—in real terms—lower than they are now. Government will grow but not as fast and not quite in the same direction as before. The party of opposition, in other words, will give way to the party of responsibility, and 1980 would signify continuity rather than change.

A less likely but not negligible possibility is that the Reagan Administration will be unable to get any of its programs passed. Perhaps circumstances it does not anticipate will lead it into a series of ad hoc responses similar to those of the Carter administration, and 1980 would then be notable for giving rise to an even more acute concern over the viability of the American political system.

The least likely eventuality is that a party of opposition will emerge full-blown out of the brow of the Reagan administration. For one thing, it may not have sufficient support in the Congress or the country. The American people may not want a much more limited government than they have now. They may want a better-run government of about the same size or a bit larger. Should that be so, converting opposition to responsibility would be in line with popular sentiment, no small matter in a democracy.

For another, a party of opposition is not the same as a single-shot administration. A governing party requires both a coherent doctrine and an ability to compromise among factions. A narrow sect cannot win and maintain office, a party without a program cannot govern. In between the two is a broad-based party combining regions, races, and interests. A party that lasts requires organization and actions that give it a role to play, such as sending significant numbers of party officials to national conventions, and funneling campaign funds through them. Since a party of opposition is at best a long-term affair, invigorating and maintaining party machinery is indispensable. To get to the long run, however, the party must survive in the short term.

Yet its very emphasis on doctrine may split the party of opposition. The intensity of individual concern that leads its adherents to join such a party may make collective action difficult if not impossible. Advocates of social regulation may clash with opponents of economic regulation. Proponents of increased defense spending may find themselves at odds with those who wish less total spending. As the world of experience begins to intrude on the realm of ideology, any progress that is attainable may be judged too little and too late. The leader of the party of opposition when in office

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(namely, the President) must please the public as well as his own partisans. In a phrase, being a party of opposition while in government may turn out to be a contradiction in terms. We will see.

Nevertheless, in my opinion, the attempt to establish and maintain a party of opposition would neither be futile nor hopeless. Futility does not reside in giving the citizenry an opportunity to select or reject a different vision of the role of government, one in which it might be both smaller and more effective. Even rejection of a party of opposition would clarify the course the country will take in the next several decades. Nor is a party of opposition a hopeless proposition. Some signs of the times, as we have seen, are favorable—external forces favoring lower spending, internal forces facilitating differentiation among states, inability of big government to make good its promises, shortening of time horizons in lessening the appeal of "buy now-pay later" policies. I do not think anyone can say more than that the political feasibility of reducing tax rates is high and of reducing spending overall is moderately good, without necessarily specifying how much they will decline or which taxes or expenditures will decline most.

Keeping its eye on the central strategy of a party of opposition —the belief that any way that taxes and spending decline is desirable compared to the opposite—is essential if the Reagan administration is to make it through the first term and especially the first two years. If it insists that cuts be made in some precise order and magnitude, the administration will be unable to make necessary compromises. If it can keep its cool, giving here, taking there, so long as the direction of the size of government is down, it may be able to retain sufficient coherence and viability to take its case to the people over a series of elections. And, in a democracy, that is all any party can ask.

Like everyone else, the Reagan administration must start from where it (and the country) is at. Unlike its opponents, however, the Reagan administration is committed to changing the course of national policy. This task is more difficult because governments in the Western world have been growing larger (absolutely and relatively to the private sector) for a good hundred years. The first facts to be faced are that the Republican Party has only a small majority in the Senate and is in a substantial minority position in the House of Representatives. Without give and take, it cannot get even part of its program through. On what bases should it stand firm or compromise? For example, the desire of Senators from farm states for crop subsidies may be held hostage to preservation of the food

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stamp program at present levels of funding. Economically, abolition of the entire farm program would be a boon; politically, loss of support from farm state Senators and Representatives might be disastrous.

Obviously, accommodation is in order. But what kind? Sufficient reduction in order to spend less than in the prior year and to encourage fiscal conservatives to support tax cuts is acceptable. If urban legislators insist on trimming farm supports in return, that is also acceptable; apportioning cuts among the elements of the farm package is a good way to go. Alternatively, as Governor Reagan did in California, cuts may be made while still allowing a smaller number of eligible recipients (those most in need) to do as well or better than before. The only kind of compromise that is not acceptable is one that adds up to more money than before. If that is the prospect, and other areas do not make up the difference, the Reagan administration, if it wishes to be a party of opposition, must be prepared to see the farm bill stalled in Congress. No bill would be better than one that increased spending, because that result would be deemed worse than retaining some support while losing all substance.

I see no evidence in polls or in private conversation that the people of America are demanding an ever-increasing standard of living. Moderating inflation—say one percent a year for four years—without worsening unemployment, might be more than acceptable. Given the good fortune, or the foresight and the acumen not only to propose but to pass bills that raise economic growth, the clash of interests may be moderated. With the private sector growing faster than the public sector, there can be increases in real personal income and in government spending. This happy set of circumstances is by no means inevitable—less likely, perhaps, than not. But it is by no means impossible or highly unlikely. There is, and this is all I wish to say, a sufficient prospect for success—defined as giving the electorate an opportunity to vote in or out a potential majority party of opposition—to make it worth pursuing.

Immediate implementation of tax and spending cuts, once Congress has acted, poses no particular problems. Compared to service programs, taxes and spending are easy to administer. The followup, however, involving the way in which program reductions are administered (causing the least versus the most disruption) will require painstaking care. If this "cut-back management" is ignored, the same spending will surface in different forms as the only alternative to chaos.

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In sum, the 1980 election is more likely to confirm past trends than to realign parties or programs. If the election does turn out in retrospect to have been critical it will be because it began the first stirrings of a fledgling party of opposition. Whether that party can be kept together to fight future elections is being decided now. Should such a party prosper, winning its share of future elections, the doctrine of American exceptionalism woud live again in our time.

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Black social classes and intergenerational poverty

MARTIN KILSON

THE two days of rioting by blacks in Miami during May 1980 has helped to imprint on the nation the considerable poverty that still engulfs a significant segment of black Americans. What's more, those blacks who have come out of the 1960's and 1970's poverty ridden are more likely to pass on this awful plight to their offspring—offspring who, owing to inadequate schools, poor school performance, excessively high unemployment, low skills, and attendant social pathologies, have little opportunity to put the poverty of their parents behind them.

But perhaps the most striking new development is that the frustration among the black poor—in Miami and elsewhere in urban America—is now compounded by the fact that most Afro-Americans have, according to Department of Labor manpower data for 1978, acquired a foothold in the ranks of white-collar or stable blue-collar workers. Over a third (33.5 percent) of employed Afro-Americans hold white-collar jobs, compared to 52 percent of whites, and 30 percent of Afro-American workers hold stable blue-collar positions, as do 28 percent of whites.[1] Thus at least two-thirds of the nearly

[1] Department of Labor, *President's Employment and Training Report* (Washington, D.C., 1979), p. 17. The figure for "stable blue-collar workers" is derived from figures for "crafts and kindred workers," "operatives," and "transport operatives." We exclude "non-farm laborers" (2.0 percent black and 4.6 percent white) and "service workers" (25.2 percent black and 12.3 percent white).

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9 million employed Afro-Americans (63.5 percent) hold economically viable occupational positions, compared to 80 percent of whites. Black Miami, moreover, has shared in this climb into the higher occupational strata: Some 36 percent of black workers in Miami are white-collar, 37 percent blue-collar, and 27 percent are in service jobs.

The low-skill and unstable segment of working-class blacks is, then, a minority, though a rather sizable one. The black poor today face a new kind of psychic stress as they watch the majority of Afro-Americans take up membership in the relatively stable occupational ranks. At the very least, there is an increasing possibility that the affinity or kinship between lower-strata and upper-strata blacks, based upon a shared experience with rigid white discriminatory practices in job markets in the past, will weaken in the years ahead. Does this development herald the rise of fundamental social stratification among Afro-Americans? And if so, what are the implications for intergenerational poverty among poor Afro-Americans?

Among the black intelligentsia, this issue is now being keenly debated, with a majority of those involved either playing down or denying the existence of class stratification among, and concomitant lessening of racial constraints on, Afro-Americans. Prominent among those minimizing or denying stratification are Robert Browne, editor of *The Review of Black Political Economy*, Robert Hill, research director for the Urban League, and Charles Willie, a sociologist at the Harvard School of Education. Black analysts affirming class stratification include Bernard Anderson, head of social sciences at the Rockefeller Foundation, Bart Landry, a sociologist at the University of Maryland, and William Wilson, a sociologist at the University of Chicago.

The arguments for denial of class stratification are constructed essentially in the following manner: White racism, though attenuating since the 1960's, is still a class-blind constraint upon the social mobility of all blacks. Analysts denying stratification point to overall differences in black-white mobility, such as the continuing gaps in income, education, and occupational levels between *all blacks* and *all whites*. On the other hand, income, job-market, and education differentials between upper-strata blacks (those in the middle class and elite) and lower-strata blacks (those in the working and lower class) are de-emphasized by these analysts.

How much credence can be given to the argument against black stratification? In his book *The Declining Significance of Race* (Chicago, 1978), and in a paper delivered at the University of Pennsyl-

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vania in 1979, William Wilson has cogently demonstrated that arguments denying fundamental class stratification are not supported by the evidence. The arguments, he believes, distort the complexity of race and class in contemporary American society. How, then, is the anti-stratification posture of some black analysts explained?

Wilson believes this posture is essentially a political ruse, an ideological manipulation of blacks' bitter experience with white racism. Belonging to the top ranks of upwardly mobile black families, the black intelligentsia denies the reality of stratification in order to deflect attention from its own successes. It also endeavors to monopolize black influence over public policies that have aided the growth of the black middle and elite classes, in order to keep these policies skewed toward the interests of upper rather than lower-strata blacks. Thus, as Professor Wilson puts it:

> The black elites' definition of the current problems of black Americans is embodied in an ideology of culture and politics which obscures class differences among blacks—an ideology which therefore stresses a single or uniform black experience. . . . The issues are being defined by the articulate black intelligentsia—the very group that has benefited the most in recent years from anti-discrimination programs. [These people] vigorously resist a shift in emphasis . . . and they continue to perpetuate the myth that there are no class divisions to speak of in the black community, or no evidence of a growing gap between the haves and have-nots in the black community.

What does the evidence show? Analysis of the data on black social mobility during the 1960's and 1970's reveals a rather clear pattern of social stratification, one that is characterized by a disturbing tendency toward an intergenerational perpetuation of the economic distress of poor black families.

The black underclass

The growth of class stratification among Afro-Americans today is, on one level, rooted in the enormous expansion of female-headed households during the last two decades—a development first brought dramatically to public attention by Daniel Patrick Moynihan in a much-criticized but extremely useful study for the Department of Labor, *The Negro Family: The Case for National Action* (Washington, D.C., 1965). At the end of the 1970's female-headed families constituted about 15 percent of all American families, up from 10 percent in the early 1960's (Table I). Whereas 23 percent of black

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TABLE I. *Families by Type, Selected Years, 1930-78 (in thousands)*[*]

YEAR	ALL FAMILIES	HUSBAND-WIFE FAMILIES	FAMILIES HEADED BY DIVORCED, SEPARATED, WIDOWED, AND NEVER-MARRIED		
			MEN	WOMEN	
				TOTAL	AS PERCENT OF ALL FAMILIES
1930	27,189	23,353	1,274	2,562	9.4
1940	32,166	26,971	1,579	3,616	11.2
1950	39,303	34,440	1,184	3,679	9.4
1960	45,062	39,293	1,275	4,494	10.0
1970	51,227	44,415	1,239	5,573	10.9
1978	57,215	47,385	1,594	8,236	14.4

[*] Source: Department of Labor, *President's Employment and Training Report* (Washington, 1979).

families were female-headed in the early 1960's, the percentage grew steadily over the next two decades, to some 28 percent of black families by 1969, 36 percent by 1975, 39 percent by 1977. Today it is estimated at 41 percent.

What is unique about female-headed families is that all of them, regardless of race, display a seemingly endemic incapacity to foster social mobility comparable to husband-wife and male-headed families. For example, by 1977 the median income of all female-headed American families was $7,770 or 44 percent of the $17,720 income of husband-wife families. Less than 20 percent of female-headed families have incomes as high as $15,000, compared with 61 percent of husband-wife families and 48 percent of male-headed families. Apart from sex discrimination in wages—no minor matter—one major reason for this difference is that some six out of ten husband-wife families had two or more wage earners by 1977, compared with about three out of ten female-headed families. For black female-headed families, a further factor depressing income is an inordinately high rate of unemployment, more than twice that of white female-headed families in 1978 (15.4 percent to 6.6 percent) and almost double that of black husband-wife families (15.4 percent to 8.17 percent).

The racial dimension of the income differential between female-headed and other types of families is clearly revealed in Table II. It is evident that in the 1970's the slippage of aggregate black family income relative to white family income—from 62 percent in 1975 to 57 percent today—is tied directly to the extraordinary rise in fe-

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TABLE II. *Differences in Black and White Family Income by Type of Family, 1964-77**

	1964	1969	1975	1976	1977
Ratio of black median family income to white:					
All homes	.54	.61	.62	.59	.57
Male-headed homes	.57	.72	.76	.80	.75
Black families with female heads	23%	28%	36%	37%	39%

* Source: Bureau of Census, *Current Population Reports, Consumer Income Series P-60* (Washington, D.C., 1979). Richard Freeman, "Black Economic Progress Since 1964," *The Public Interest* (Summer, 1978).

male black households. The median income of black female-headed households in 1977 was $7,845 less than the median income of black male-headed families ($5,598 compared to $13,443). Furthermore, during the 1960's and 1970's the median income of black male-headed families steadily advanced relative to white median family income, reaching a peak of 80 percent in 1976 (it is 76 percent today). But the median income of female-headed black families has remained under 50 percent of the white median family income throughout the years. What's more, the absolute status of female-headed black families is equally depressed, for some 51 percent of the 2.28 million female-headed black families are below the poverty line.

Thus, on one level class stratification among Afro-Americans is due to the income and employment deficiencies that seem endemic to female-headed black families. These deficiencies, in their turn, translate into cross-generational disadvantages for the disproportionately larger number of children found among black female-headed families. In addition, these families pass on interpersonal pathologies, like hypertensive and violent behavior, which result in a low proclivity for coping and achievement. Thus Richard Freeman, a Harvard economist, has observed that "for the young [black] person, what matters is the position of his family. With the problems of crime, quality of education, and life in the inner cities, the differences in family income and structure create a barrier to the socio-economic progress of young blacks."

Thus, on the one hand, the high incidence of female-headed black households translates into severe limitations on the possibilities of a significant segment of black children. On the other, there are the steady income and educational gains of stable blue-collar and middle-class blacks, who today send their children to college in proportions slightly greater than do comparable white families. Out of

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these transformations is evolving a distinctly new kind of social stratification among Afro-Americans, *one of haves and have-nots.* The *haves,* moreover, are increasingly capable of transmitting their benefits to their offspring—freer than at any other period from racial limitations, though residual racial barriers certainly persist.

Black wealth differentials

Income inequality among black families has been growing markedly for over a decade, and growing more rapidly than income differentials among white families. The most recent Census Bureau data on this development are shown in Table III. In 1969 the

TABLE III. *Share of Aggregate Income of Families by Race, 1969-1977.**

SELECTED FAMILY POSITIONS	PRESENT DISTRIBUTION OF AGGREGATE INCOME		
	1969	1973	1977
Black:			
Lowest fifth	4.8	4.7	4.4
Second fifth	10.9	10.1	9.6
Middle fifth	16.9	16.3	15.9
Fourth fifth	24.7	24.8	25.2
Highest fifth	42.7	44.1	44.9
Top 5 percent	15.2	16.0	16.1
White:			
Lowest fifth	5.9	5.8	5.2
Second fifth	12.7	12.3	11.6
Middle fifth	17.8	17.6	17.5
Fourth fifth	23.5	23.8	24.2
Highest fifth	40.1	40.5	41.5
Top 5 percent	15.4	15.3	15.7

* Source: Bureau of Census, *Current Population Reports, Consumer Income, Series P-60* (Washington, 1979).

lowest two-fifths of black families contributed just 15.7 percent of total black income; a decade later their contribution was even lower, at 14 percent. On the other hand, the upper two-fifths of black families claimed 67.4 percent of black income in 1969 and this proportion had advanced nearly 3 points by 1977, to 70.1 percent. Striking as this development is, our perception of an emergent black income-based class stratification is further reinforced by the realization that the upper two-fifths of white families between 1969 and 1977 increased their incomes *less* than did their black counterparts.

Moreover, from the late 1960's to today there has been a sustained increase in the proportion of black families with higher in-

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comes. Using constant 1977 dollars, black families in the $15,000 to $25,000 income range increased from 18.6 percent of black families in 1967 to 22 percent in 1977, while the percentage of white families in this bracket remained almost constant (33.8 percent in 1967; 33 percent in 1977). In fact, by 1978 black families accounted for 5 percent of all $25,000 American families—an increase of 1 percent over 1970, or some 300,000 additional black families in the $25,000 bracket. Furthermore, in 1967 some 5.5 percent of black families had incomes above $25,000, but this proportion advanced to 10.8 percent of black families by 1977. During the same period, white families with over $25,000 in income rose from 15.6 percent to 23.9 percent.[2]

If one followed the procedure of income analysts such as Robert Hill of the National Urban League, who uses data for the recession years 1972-75, a more negative view of movement into the middle and upper-income levels results:

> [T]here is no evidence of a significant increase in the proportion of middle-income blacks in recent years. If anything, the data suggest that the economic gains of many middle- and upper-income blacks may have eroded under the twin evils of record-level inflation and recession. Between 1972 and 1975, the proportion of black families with incomes of $15,000 or more fell from 25 to 23 percent.

But Hill ignores the fact that within the short time-frame he used (1972-75), income slippage was characteristic *both* in black and white middle-income groups. As William Wilson observes:

> The National Urban League report fails to mention that the proportion of white families with incomes of $15,000 also fell. . . . In fact, the percentage of white families above $15,000 annual income dropped even more severely from 1973 to 1975, from 51 to 47 percent, whereas the percentage of black families in this category dropped only 1 percentage point [from 24 to 23 percent]. . . . Thus if we do not restrict our focus to the period of the recession and instead examine black income changes during the past decade [1967 to 1977] we find that . . . these changes [in black upper-income growth] significantly exceeded income increases by comparable white families.

When the data on upper- and middle-income black families are combined with data on the job composition of black families, the

[2] It is also noteworthy that there has been a closing of the racial gap regarding the proportion of two-income earners in husband-wife households. Thus in 1976 some 63 percent of black husband-wife households had two-income earners compared to 38 percent of white husband-wife households—a 25 point difference; but today this gap has closed to 11 points, with 64 percent two-income black husband-wife households and 53 percent two-income white husband-wife households.

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result is striking. There is now what might be called a "pulling-away" process at work in the Afro-American social structure. A sizable proportion of black families are achieving both relatively stable and affluent economic standards. For example, 1977 Census Bureau data show that nearly one-fifth of black families (18.4 percent or 1,069,000 families) are headed by white-collar workers—double the 1969 rate. The mean family income of these white-collar heads of one-fifth of black families is $16,880. Another 30.4 percent of black families are headed by upper blue-collar workers, whose mean family income is $15,468; and still another 11.5 percent of black families are headed by marginal blue-collar workers who are heavily employed in service jobs, and whose mean family income is $11,830.[3] *Thus at the very least some 60.3 percent of black families are harnessing the capability to transfer the basic ingredients of middle-class upward mobility to their children.*

College education is perhaps the major means by which the ground-work for social mobility is being prepared. Since the middle 1960's when some 340,000 blacks attended college, the black college-going population has grown markedly, to more than 1 million today. In a report to the NAACP in February 1978, Clifton Wharton, now Chancellor of the New York State University system, remarked:

> Blacks who make up 11 percent of America's population, now make up 10 percent of the 10.6 million college students. In one year, 1974, the percentage of black high school graduates actually exceeded the percentage of white high school graduates going to college.

This educational breakthrough among blacks is closely connected with the emergent income differentials discussed above. Thus in 1974 only 17 percent of black and white families with children ages 18 to 24 and incomes under $5,000 a year had a family member in college; but families with $15,000 per year in income more than doubled this college-going rate, so that 42 percent of black families and 50 percent of white families in this group had a member in college.

On the other hand, at the very low income level, below $5,000, the disastrous educational experience of young blacks is creating an isolated stratum of black poor. For example, among young blacks (18 to 24 years old) who are not enrolled in college and whose fam-

[3] Bureau of Census, *Current Population Reports, Consumer Income, Series P-60* (Washington, D.C., 1979) p. 18. By comparison, 36 percent of white families are headed by white-collar workers and 31.3 percent headed by upper blue-collar workers. Some 18.4 percent of Hispanic families are headed by white-collar workers and 42 percent headed by upper blue-collar workers.

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ily income is under $5,000, some 46 percent did not graduate from high school (compared with 36 percent of their white counterparts). Young blacks in general have a moderately high drop-out rate from high school and it is even worse for those from poor families. Today some 32 percent of black males ages 20 to 24 have not finished high school, and these males will find it well-nigh impossible to pass on to their children a capacity for upward mobility. Thus there are definite grounds for concern that a new rigidity is beginning to creep into the patterns of Afro-American class stratification that evolved during the 1960's and 1970's—a rigidity that the economic climate of the early 1980's will do little to lessen.

Two job markets

The occupational plight of the black lower class is what ultimately reduces its capacity to pass on the stimulus for social mobility to its offspring. Persistent high unemployment joins with a falling rate of labor-force participation, dooming an ever widening sector of blacks to poverty. Census Bureau data show that black unemployment rates were usually twice as high as white rates throughout the 1960's and 1970's, and the rates for black teenagers (16 to 19 years old) were usually twice as high as for white teenagers (36.3 percent for black teenagers in 1978 compared with 13.9 percent for white teenagers).

Furthermore, as Professor Richard Freeman commented in *The Public Interest* (Summer 1978), unemployed young blacks, disproportionately in low-income homes in the first place, "have benefited only modestly from the decline [during the 1960's-1970's] in job-market discrimination." He observed that: "Even if teen-age unemployment has no long-term consequences for the career prospects of young persons, the immediate impact is still severe. If, as is more likely, those who have an adverse labor-market experience as teenagers suffer for much of their working life, the problem is even more critical."

The job-market crisis among the poorly educated segments of Afro-American youth during the 1960's-1970's has reinforced the persistence of a sizable number of poor black families. Between 1969 and 1978 the number of poor white families declined slightly from 3,575,000 to 3,523,000, but poor black families increased by 19 percent, from 1,366,000 to 1,622,000. Thus by 1980 some 28 percent of all black families were poor, compared to 8 percent of white fam-

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ilies. This already bad situation was compounded by a 64 percent increase in female-headed black families during the 1970's—and 51 percent of black female-headed families are poor.

By contrast, the job-market experience for the growing number of college-trained blacks is just the opposite of the dreadful situation of lower-class black youth. This job market is sharply differentiating the living standards and lifestyles of the young college-educated black from the young lower-class black. Thus, income data shown in Table IV, on the comparative mean earnings of young

TABLE IV. *Differences in Mean Income of 25 to 29 Year-Old Black and White Males, by Education, 1959-1973**

GROUP AND YEAR	INCOMES (IN 1973 DOLLARS) AND RATIOS OF INCOME		
	BLACK MEN	WHITE MEN	BLACK-WHITE RATIO
1959			
1. College	$ 6,419	$ 9,158	0.71
2. High school	5,121	7,574	0.69
3. Difference (1 - 2)	1,298	1,584	0.82
1969			
4. College	9,120	11,022	0.83
5. High school	7,157	9,269	0.77
6. Difference (4 - 5)	1,963	1,753	1.12
1973			
7. College	11,168	10,242	1.09
8. High school	7,700	9,702	0.79
9. Difference (7 - 8)	3,468	540	6.42

* Source: Richard B. Freeman, *Black Elite: The New Market For Highly Educated Black Americans* (New York, 1976), p. 34.

black and white male college and high-school graduates, reveal a steady climb in the college "premium" for black males in the period 1959 to 1973. College-educated black males earned just 71 percent of college-educated white males in 1959, and had a smaller income premium over high-school-educated black males than had white college graduates over white high school graduates. A decade later, however, the situation had reversed—the wage premium of college-educated black males over high-school black males was $210 greater than that between the comparable white groups.

Furthermore, by 1973 college-educated black males aged 25 to 29 had earnings 9 percent greater than white college males in the same age group, and their income premium over high-school black males was six times the premium of white college males. Though Professor Freeman feels that these data, owing to "sampling error" in the 1973 Census survey, may "possibly exaggerate the extent of

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the change in the market [for college black males], the overall finding of a sizeable increase in the economic incentive for black men to go on to college, absolutely and relative to whites, cannot be denied." Freeman attributes the closing of the longstanding income gap between white and black college graduates to the decline in discrimination in jobs with national firms, a decline aided by federal policies. As Freeman puts it, "Underlying the attainment of parity in starting salaries and higher relative incomes of young black graduates are significant changes in the recruitment practices of national corporations, who began hiring blacks for managerial and professional jobs in the sixties."

In income, education levels, and quality of job markets, middle-class Afro-Americans are clearly in the process of "pulling-away" from the black lower strata. How far the distance between the upper and lower segments of Afro-Americans will grow in the 1980's is anybody's guess. But the gap is already large enough to warrant attention and cannot be ignored by arguments which overemphasize the persistent income and job-market gap between all blacks and all whites, important as this gap is. In a recent study of black and white males between the ages of 20 and 55, Frank Levy from the Urban Institute in Washington, D.C. found that all the blacks had a median income 59 percent that of the whites (12 percent less than the Census Bureau shows), but that blacks with full-time work had 76 percent of the median income of similar whites.

Among the economically weakest segment of Afro-Americans—perhaps 35 percent of black households—there is ample evidence of structural and cultural ingredients that transmit poverty across generations. *The social inequalities stemming from this development are no longer a matter merely of relations between blacks and whites, but rather increasingly affect relations within the black community itself, between both upper and lower-strata Afro-Americans.*

The structural and cultural origins of poverty

How do we stop and reverse the rise of an isolated black lower class, one territorially delineated (inner-city slums), capable of enormous socio-political unrest, and possessing high political visibility owing to its high unemployment and crime rates?

The answer to this question is ultimately a matter of one's perspective. If poverty and lower-class existence are viewed as *structural* patterns, caused by a poor distribution of skills, jobs, income,

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and the like, then the remedy is apparent: expand lower-class blacks' access to these resources. If, on the other hand, lower-class existence is viewed more broadly, as a function of cultural patterns, then the remedy is far more elusive and problematic. For then the difficulty becomes one of devising solutions that simultaneously correct maladaptive cultural patterns (delinquency, crime, unwed motherhood, street-corner lifestyles, drugs) and those structural deficiencies or institutional inequities (inflation, recession, unemployment, poor schools, and the like) that shrink opportunity for the poor.

The two perspectives clearly generate different approaches to solutions. Political influence and power, institutional access and clout, loom large in any solution emanating from the first perspective. Historically, the Anglo-Protestants in the agrarian South or in the grimy mining counties of West Virginia, the Irish, Slavic, Italian, Scandinavian, German, and other ethnic American lower classes in the industrial cities of the Northeast, and Midwest, approached the problem of poverty by searching out political power and institutional leverage—through populist movements, trade unions, pressure groups, and political parties. Conflict attended this solution, but from the 1870's through the early post-World War II era, the American economy and technology were the most innovative and buoyant in the modern world, and generated enough wealth, goods, and services that by the 1960's some 70 percent of white Americans were stable blue-collar and white-collar workers. Furthermore, economic and technological buoyancy combined with political liberalism to redistribute or rearrange access to wealth. Federal government mortgages, agricultural price supports, state universities, educational loans, and a host of other policies produced unprecedented standards of living for a majority of Americans. Though poverty among whites still exists, it is reduced to manageable proportions, with perhaps 10 percent of white families now in poverty.

Can black Americans reproduce the same type of political activity that the white poor and working class employed to put poverty behind them? I doubt that American society and politics today permit the Afro-American poor this type of solution for dissolving poverty. Or rather, American society will not permit this solution today in quite the same way.

This is not to say that the agencies of American politics—trade unions, alliances, parties, politicians—have lost the ability to rearrange the dynamics of wealth distribution, to upgrade the skills of

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the black poor, and to expand economic activity to a full employment level. But we are now a society where affluence is generalized, where even among Afro-Americans over 60 percent now occupy solid blue-collar and white-collar statuses. Turning the glances of a people of plenty toward those who are still without is no small matter. It requires allies and the trading-off of benefits and losses between a variety of groups. Yet today such alliances do not always have "clout," and they are not always available to the black lower strata to the same degree they were to the white lower classes during the first fifty years of this century. For example, trade unions do not possess their earlier clout. And it is the affluent blue-collar workers who hold what remains of union power, not the high-school dropouts who are today disproportionately concentrated among lower-strata Afro-Americans. This means, then, that the unions, like other customary agencies of redistributive politics in America, must undergo major refurbishment if they are to serve the mobility needs of the Afro-American poor. Prospects for such refurbishment, however, are not particularly strong—at least not in the short-run.

Meanwhile, the black poor cannot be allowed to tread water until a favorable alliance becomes available. Indeed, important as the politics of clout was to the rise of the white poor into the stable working-class, the white poor also fashioned a variety of cultural patterns, often aided by religious organizations, which enabled them to harness their limited material and human resources for managing and reducing those features of lower-class life detrimental to upward social mobility.[4] *A similar forging of cultural patterns conducive to social mobility is, I think, necessary for the black poor as well; it can no longer be neglected as a facet of the larger process required to dissolve black poverty.*

The second perspective on lower-class existence—that it is a function of cultural patterns—must be a part of any serious strategy for reversing the rise of intergenerational poverty among blacks. Allies of the black lower class must devise ways and means for reducing certain cultural or societal pathologies widely prevalent among lower-class blacks. Lower-class lifestyles among young men and women that are associated with the "man-child" and "woman-child" syndrome—above all, becoming mothers and fathers while still in one's teens—must be interdicted, constrained, and reversed.

[4] See Stephan Thernstrom, *Poverty and Progress: Social Mobility in a Nineteenth Century City* (Cambridge, Mass., 1964); and Dennis Clark, *The Irish in Philadelphia* (Philadelphia, 1973).

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Wrong directions

Strange as it seems in light of recent gains, some segments of the young generation of middle-class blacks in the 1960's and early 1970's became thoroughly confused in their anti-white ethnocentric militancy. In their bid to denigrate white society they celebrated, with fetish intensity, as timeless black American values the numerous "man-child" and "woman-child" pathologies among the black poor. Perhaps one of the most notorious examples of this was the book *Tomorrow's Tomorrow: The Black Woman* (Garden City, 1971), by the black sociologist Joyce Ladner. It argued for an uncritical relativity of values and norms, and asserted that the woman-child lifestyle among lower-class black teenagers—heavy premarital sex and unwed motherhood—constitutes as valid a lifestyle as any other, cannot be held worse, and indeed just might be better. As Ladner puts it:

> Many of the conventional codes regarding premarital sex have little significance for the girl growing up in the Black community. The low-income Black community has always been stereotyped as having "loose morals" and "promiscuous" behavior in the areas of sex. The frequency of so-called illegitimate births and boyfriends and common-law husbands with whom these women engage in sexual relations are usually cited as proof of sexual promiscuity. (Social scientists commonly refer to the so-called illegitimacy rates of Blacks being almost ten times those of whites.) What is not taken into consideration in these assertions is that a different set of moral codes regulates the sexual behavior of Black people.
>
> While they are influenced, to some extent (especially the middle class) by conventional morality, it does not dictate their attitudes and sexual practices. Thus, premarital sex is not regarded by the majority of low-income Black people as an immoral act. It is viewed as one of those human functions that one engages in because of its natural functions.

For Ladner, the thousands-upon-thousands of lower-class black women who emerge from this lifestyle have a viability of their own, perhaps not suitable for coping in the general urban society in which they live, but effective within *their world.* Thus Ladner informs us that:

> Girls who engaged in premarital relations were usually distinguishable from those who did not because of their *sophisticated* knowledge and maturity in sexual matters. There was much preoccupation and interests in the area of sex. As a group, they took a much *livelier interest* in their associations with males, and they were more prone to discuss men and sex in *forthright and concrete terms.* . . . To have a child represents *fullfillment of the womanly tradition in the Black commu-*

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> *nity* and, as such, is not viewed entirely in the realm of stigmatization. . . . There are no "illegitimate" children in the low-income Black community as such because there is an inherent value that children cannot be "illegally" born. There are, however, "unauthorized" births because these children are not born within the limitations and socio-legal context defined by legislators and other people in the majority group who *create* and *assign* labels to the minority group. [Emphasis added, except in last two cases.]

Needless to say, the Ladner book had wide currency among the intellectuals involved in the black ethnocentric movement. Black militant magazines like *The Black Scholar, Freedomways,* and the *Black World* actually trumpeted *Tomorrow's Tomorrow* as a model of a so-called new "Black Sociology," which pretentiously heralded the "Death of White Sociology"—the title of a book edited by Joyce Ladner in 1973. Interestingly enough, neither the scholarly nor public-policy track-record of this "Black Sociology" is noteworthy. Furthermore, its spokesmen have been curiously ignorant of the work of an earlier generation of Afro-American sociologists and their distinguished studies of the black poor—studies such as those of Charles S. Johnson, *Growing Up in the Black Belt: Negro Youth in the Rural South* (Washington, D.C., 1941); E. Franklin Frazier (with Harry Stack Sullivan), *Negro Youth at the Crossway: Their Personality Development in the Middle States* (Washington, D.C., 1940); Allison Davis, *Deep South: A Social Anthropological Study of Caste and Class* (Chicago, 1941); and Allison Davis and John Dollard, *Children of Bondage: The Personality Development of Negro Youth in the Urban South* (Washington, D.C., 1940).

When read today against the backdrop of these perceptive works of an earlier generation of Afro-American sociologists, Ladner's book *Tomorrow's Tomorrow* seems awfully pathetic—a tortured endeavor to intellectualize the primal screams of rage of a black bourgeois militant against the complexities of racism in American life. But, Ladner, Nathan Hare, James Boggs, and other black intellectuals who propagated this "Black Sociology" owe the Afro-American lower class an apology. And, at any rate, this cathartic romanticizing of the plight of the black poor should no longer be tolerated by persons who consider themselves allies of the poor.

Seekers of solutions

Fortunately, a small but serious body of leaders is surfacing around the perplexing problems confronting the black lower class.

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Some are new leaders, such as Marva Collins, a black public school teacher in Chicago's South Side who, having founded the private Westside Preparatory School, is experimenting with a school regime for poor black children that emphasizes basic curriculum and old-fashioned authority and discipline. Other leaders in search of solutions to black poverty are former figures from earlier battles. Rev. Jesse Jackson, a former aide to Martin Luther King, has pioneered means of addressing the "man-child" and "woman-child" syndrome among lower-class black youth, successfully meshing the activity of his voluntary association, PUSH (People United to Save Humanity), with federal resources. Jackson's movement also confronts, with utmost candor, the maladaptation of lower-class children to schooling, their low academic performance, their indifference to discipline, their frequent rage against authority, and their violence in schools.

No doubt Jackson's endeavors have their imperfections. Some are weak on follow-through and long-run institutionalization—and no brief for these limitations is intended here.[5] But Jackson exhibits a rare flair for leadership authority among the black American poor, a capacity to penetrate the often tortuously chaotic inner worlds of the lower-class black adolescent and teenager. When this is combined with a more sophisticated grasp of national politics—of alliances and bargains with whites—Jesse Jackson might well be charting one of the several paths that must be pursued in the 1980's in search of solutions to the crisis of intergenerational poverty among lower-class Afro-Americans. It is likely, moreover, that as leaders of civil rights groups, such as the NAACP's Benjamin Hooks and Margaret Bush Wilson and the National Urban League's Vernon Jordan, find their influence diminished by a new black political class of elected officials, they will redefine their organizations' purposes and functions. They too might innovate in devising the ways and means to aid *behavioral change* among lower-class blacks, change that might also have significant political benefits for the black poor, by heightening political participation—especially voting.

Cultural agencies within Afro-American life must also claim a place in battling on several fronts in the 1980's to reverse intergenerational poverty among the black lower class. The black churches, especially the Pentecostals (whose membership comprises working-class and lower-class blacks), will be primary among these cultural instrumentalities. A few Pentecostal organizations around the coun-

[5] See Clarence Page, "But I Am Somebody," *The Washington Monthly* (February, 1980), pp. 26-36.

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try have in fact already had some success in reducing lower-class youth's criminal behavior, drug use, and the effects of the social chaos of street-corner life. Indeed, Charles Silberman has suggested in his 1978 book *Criminal Violence/Criminal Justice* that such organizations are far more likely to succeed in these troublesome areas than are public policies *as such*, for he thinks at bottom the crisis of crime in urban black communities—crimes which cost blacks far more than whites—is a crisis of norms, values, and behavioral codes.

Religious agencies remain important sources of moral codes for blacks, and among lower-class blacks the Pentecostals are the most vibrant religious group. The work of a Pentecostal couple in Philadelphia in reducing crime and fratricidal behavior among black youth gangs strikingly reveals just how effective these religious instrumentalties, when ably and honestly led, can be. The couple, David and Sister Falaka Fattah, began their work—a veritable missionary enterprise—in 1969. That year, when known deaths among Philadelphia's warring black gangs stood at 40, more than 5,000 youth held direct membership in 85 different gangs—gangs whose pathological and violent reach poisoned the lives of countless blacks, young and old, through crime, drugs, violence, and general disorder.

The Fattahs used their own resources for the most part—their home in North Philadelphia's massive slum community, their time, money, and especially their inexhaustible reservoir of concern, affection, and hope. The Fattahs—stable blue-collar workers with several sons of their own—turned their home into a refuge for boys whose lives were dominated by pathological gangs. The conditions for membership in the Fattahs' enterprise were reasonably simple: deference to the Fattahs' authority as surrogate parents, house chores, returning to school, working at *any* part-time job found for them, and above all disciplining their lives away from the "man-child" syndrome that has plagued a whole generation of urban lower-class black youth over the past thirty years.

By the middle 1970's, the Fattah's moral regeneration program for Philadelphia's black youth almost single-handedly reversed the cycle of gang-related deaths in the city—deaths peaked at 41 in 1973, fell to 32 in 1974, 15 in 1975, and 6 in 1976. This was achieved, moreover, in a city where the white police, under a Mayor given to a crypto-racist style of appealing to white voters, were prone toward harsh and sometimes brutal apprehension of blacks in general and the black poor in particular. The Fattahs, by the way, received little public assistance in converting black youth from cha-

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otic to orderly lives—yet they had reached some 500 young men by 1979.

The Fattahs' achievement demonstrates well how cultural agencies can be harnessed to the difficult task of overcoming the pathological lifestyles among lower-class blacks. No doubt public policies, and politics as usual, have a role to play in this. For instance, the Fattahs recently received federal aid to extend their facilities and are building a $1 million permanent residence. But the Fattahs, steeped in the best of the Afro-American voluntaristic and self-help tradition, do not wish to become another "social agency," specialized but unknowing, a cover for job seekers, black and white.

The spontaneity, personal intensity, and caring ambience of their operation will inevitably get lost if co-opted by the established social welfare bureaucracy. It is hoped the Fattahs can avert this all too frequent outcome of innovative programs for the black poor. They need and deserve the resources available through public policies, to be sure. But they also need to be left alone to trust their own intuitions, and to avoid the dead hand of bureaucratization.

A concluding note

Racism, though diminishing, remains a problem, and complicates the task of ending intergenerational poverty among Afro-Americans. A new conservatism aids a persistent racist response toward black poverty by far too many whites. Its spokesmen often suggest, implicitly or explicitly, that the claims of lower-class Afro-Americans on public resources are less worthy than the claims of white lower strata at earlier periods. Some new conservatives, but by no means all, would have us believe that American politics in our day has lost its historical inclusionary capability—its capacity to take on new needs, new burdens, and to fashion solutions to them. One wishes that the conservatives in the 1980's learn to extend their belief in the virtually God-given resilience of the American *economic* system to the American *political* system. A close reading of the historical record might, I think, help the new conservatives in this regard. The conservatives are too quick to forget that the American political system that Protestants controlled between the 1870's and the 1920's, riddled with hatred of America's Catholic working classes, ultimately took on an increasingly inclusionary posture. The political system eventually abandoned historical phobias and animosities and assisted in the reshaping of our social and economic institutions to provide greater access to opportunity for mobility.

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American business leaders, both in small firms and large, have a special role to play in the 1980's in tackling black poverty. They also have an obligation to play this role. American capitalism has been served well by America's black workers, despite the fact that black workers have never experienced parity in opportunity to perform in the American work place.[6] The business community, furthermore, has a special interest in averting the intergenerational growth of a territorial enclave of the black underclass. This situation has already developed, as evidenced by a current black unemployment rate of 12.6 percent in all central cities, higher in fact in places like New York, Detroit, and Philadelphia, and among black youth unemployment never dropped below 30 percent throughout the 1970's. Furthermore, as the Miami riot in 1980 revealed, the crisis of skills and jobs among the black poor generates costly disorders in American cities, where most business enterprises are located. In 1967 and 1968 there were some 268 such disorders—an average of one every three days for two years. Avoiding these upheavals in the 1980's must be as much a concern of business leadership as of political leadership.

Afro-American leadership has a catalytic role to play in helping the nation to face up to black poverty in the 1980's. It can do so most effectively, however, not by following the lines of the black leadership of the past thirty years, but by breaking entirely new paths.[7]

Perhaps the major change required of black leadership in general is the diversification of its policy profile. Historically conditioned by the awesome constraints of racist practices in the era 1880's to 1950's —the period when the white Americans, both Protestant and Catholic, were gaining economic leverage in industry and clout in politics—the vast majority of Afro-Americans relied on interventionist public policy. They did so not only for basic citizenship rights—such as voting, free speech, and free movement from place to place —that whites took for granted, but for protection from violence, which by World War II had killed some 4,000 by lynching alone. Gains in educational and economic rights during the 1950's to 1970's also came in good part as by-products of interventionist public policy.

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[6] See Sterling D. Spero and Abram L. Harris, *The Black Worker: The Negro and the Labor Movement* (New York, 1931). See also Herbert Gutman, *Work, Culture, and Society in Industrializing America* (New York, 1976).

[7] Sophisticated recognition of this is found in Earl Graves' monthly magazine, *Black Enterprise*.

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Thus, in the 1980's, to modify or surrender this pattern of dependence on intervention through law is not easy for Afro-American leadership. Yet regardless of the enormous influence of interventionist public policy in shaping the black leadership profile, the decade-old conservative ascendance in American politics—capped by President Ronald Reagan's landslide victory last November—indicates a need to diversify this profile. There is always a point where historical patterns, however much preferred, lose their utility and must give way to innovations. And that is true of the interventionist or state-dependent policy profile of Afro-American leadership today; it requires redefinition and modification to produce a variant that suits the 1980's.

Recognition of this is hardly widespread, but it is being sensed in Afro-American leadership circles, as evidenced by a December 1980 conference in San Francisco on policy choices facing blacks in the 1980s. Funded by the Institute for Contemporary Studies the conference discussed a variety of public policy options on black poverty, especially in regard to unemployment and low educational achievement. The 125 participants were drawn from business, universities, the media, neighborhood action groups, and spanned the ideological-political spectrum.[8]

But despite their different occupations and political perspectives, the conferees agreed on at least two policy options regarding black poverty—education vouchers, and the Kemp-Garcia proposal for urban enterprise zones. Vouchers were viewed, correctly I think, as a feasible means of offering working-class and lower-class black families greater choice of schooling for their children, either within public school, if preferred, or in parochial and private schools, such

[8] On the left or liberal side were Chuck Stone, senior editor of *The Philadelphia Daily News*; Tony Brown, president of Tony Brown's Productions and host of the nationally-aired television program "Black Journal"; Randolph Bromery, former Chancellor of the University of Massachusetts and professor of Geophysics there; Charles V. Hamilton, a political scientist at Columbia University; Bernard Anderson, economist at Rockefeller Foundation; Percy Sutton, a lawyer-businessman, and former Borough President of Manhattan; Robert Woodson, a neighborhood organizer in Philadelphia and visiting fellow at the American Enterprise Institute; and Clarence Pendleton, a brilliant neighborhood developer and head of the San Diego branch of National Urban League; and the author. On the conservative side were, among others, Dr. Henry Lucas, a dentist who was president of the California State Board of Dental Examiners under Ronald Reagan's governorship, and the first black member of the Executive Committee of the Republican National Committee; Gloria Toote, a New York businesswoman, and former Assistant Secretary of Housing and Urban Affairs under President Gerald Ford; Walter Williams, an economist at Temple University; Mary K. Bush, a vice president of Bankers Trust Company in New York; Wendell Wilke Gunn, Treasurer of Pepsico, Inc.; and Thomas Sowell, an economist at the Hoover Institute and the organizer of the conference.

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as Marva Collins' Westside Preparatory School in Chicago's Southside. And though of less immediate potential impact on the economic crisis of the black poor, urban enterprise zones would, it seems, by abating taxes and regulations in specified areas, increase industrial and commercial activity in inner-city communities, and eventually expand the supply of jobs available to minorities in these areas.

The ultimate importance of the San Francisco conference, however, is not that several proposals, quite different from those usually backed by Afro-American leadership, gained broad support. *Rather, the conference's enduring significance is that policy directions clearly different from those preferred by the pre-1980's leadership were seriously entertained, and underwent careful analysis and intensive debate by a segment of Afro-American leadership.* This break, as it were, with traditional policy postures among Afro-American leadership is long overdue.

What's more, as the policy perspectives of black leadership spread more evenly across the ideological spectrum, we can hope to see entertained a wider range of policy options, and thus better opportunities for successful outcomes.

But whatever means black leaders utilize in the years ahead—and however their approaches might differ from those of the past—America's obligation remains: to bring the black poor, some one-third of all Afro-American families, to the standards of life of other Americans. The blood, sweat, and tears of the ancestors of today's black poor—their innovations and dedications in work and honor in war[9]—require the American system to fulfill this goal. Failure in this endeavor is, or ought to be, unthinkable. Such failure would warrant, alas, but one reaction: What manner of men *are* we, anyway?

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[9] This point is clearly and intelligently delineated in Robert Fogel and Stanley Engerman's *Time on the Cross,* published in 1974 by Little, Brown and Co.

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Report card: Chicago's all-black schools

J. S. FUERST

THERE is much talk about the failure of our public school system—how it is serving our children poorly and how we need vouchers to enable families to pay for placement of their children in private or parochial schools. Even the friends of the public school system bemoan what is happening, particularly in the inner-city schools.

In most cases, the discussion of the "bankruptcy" of urban schools centers on black or minority schools. On the one hand, we hear about improving minority education by busing children from the inadequately-performing inner-city schools to outlying schools where the level of performance and teaching traditionally has been better. On the other hand, minorities protest the injustice of one-way busing and maintain that the only way to improve the system is to improve the schools in the inner city. In the same vein, the suburbanites maintain that the black children will not improve by busing because the present gap between their performance and that of children in the suburbs is so large that the chasm cannot be bridged by intermingling the children. Parenthetically, they add that busing costs too much and disrupts the way of life of both blacks and white suburbanites.

Clearly there is a great deal wrong with the schools and with the

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educational system. On the other hand, not enough is being said about the positive successes of the system. Even its apologists fail to recognize these accomplishments. In fact, many improvements are being made in inner-city schools; and, at the same time, many black youngsters are being bused with considerable success, both improving their educational opportunities and breaking down racial isolation.

For some time black parents, while not disagreeing with the need for breaking down racial isolation, have contended that segregated black schools must be improved now and that black children do not need to be in integrated schools to learn. Though this should be obvious, additional confirmations are always significant. Chicago, acknowledged as one of the most highly segregated cities in the country, provides some good examples.

A half dozen years ago I studied the performance level of second graders in five Chicago Child-Parent Centers where children were taught from the ages of 3 to 7 (and occasionally 9 years of age). These centers served only black children, and were in the heart of the most underprivileged areas in Chicago. The children received intensive education on a virtually unselected basis, except that their parents voluntarily had to bring the children to the center and keep up their attendance. The centers included a highly structured, heavily organized program with small classes, paraprofessionals, and much parent involvement. After four years, at the age of 7, the children took tests. In the five schools their reading scores averaged 3.1 years in the eighth month of the second grade, compared to averages of 2.8 years in the Chicago schools in general and 2.1 in many inner-city schools.

What this indicated, as I pointed out in *The Public Interest* (Spring 1976), was that integration of schools, if it were being done solely to bring black children up to par, was in itself unnecessary. Additional evidence is accumulating, moreover, on the progress of children in these all-black schools as black families move in greater numbers into middle-class white areas. There are now many all-black areas in Chicago as well as other cities that are solidly middle class, with schools that reflect these middle-class values and aspirations.

Four success stories

Recently I visited four of these schools, Beasley Academic Center, McDade Classical School, the Shoesmith School, and the Persh-

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ing School, all of which have reading scores at the level of the best schools in the city.[1]

Beasley School, which is within a block or two of Robert Taylor Homes, one of the most notorious housing projects, has no graffitti either inside or outside, halls that are spotless, a 95 percent attendance record, admissions from 45 different parochial and private schools, and a huge waiting list. However, Beasley is not a neighborhood school, since at present only 70 percent of the 800 children come from the immediate neighborhood (and eventually perhaps only 50 percent will), while the remainder of the children come from all over the South Side. The school accepts only children with average skills, and screens out or refers elsewhere poorly performing youngsters or those with serious behavior problems. This provides less than the full spectrum of youngsters, yet the principal *insists that the children are not an "elite" group, but a "high average"* group.

If work is repeatedly unfinished or if the child is a persistent behavior problem, the child is transferred to another school. After three or four examples, the children get the idea. Actually, behavior and discipline take up little time in this school. Even in the eighth grade, where kids typically "fool around," there is not only no discipline problem, but attendance is as good as in the school generally.

Performance levels at Beasley are high: Children in the eighth grade score 10.0 and 10.2 as against a city-wide norm of 8.8 and outlying all-white-school norms of 9.3. In the second grade, scores at Beasley vary between 3.8 and 3.9 years in reading and math, again with the city-wide norm of 2.8. Beasley also has a selected faculty. Occasionally, a principal forming a new school is allowed by the Board of Education to have a say in the choice of one-third of his or her faculty, though sometimes less. Bill McNerny, the principal of Beasley, was allowed to choose two-thirds.

The program at Beasley has many special features—such as classes in swimming, pottery, photography, music, instruction for band and choir, extra instructors for Spanish, French, typing, and special science facilities. Many of these services are available at Beasley because it is a "special" school operating in accordance with the thrust of Chicago's "Access to Excellence" Program and the HEW mandate to improve ghetto schools.

The tiny McDade Classical School has only 250 children. In 1980,

[1] Beasley is 10 percent white, and McDade is 8 percent white. School officials say that they don't need these whites, but that they get them anyway as part of the program.

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the 7-year-olds scored at the level of 4.7 in the eighth month of the second grade, while the sixth graders were averaging 9.3—a score to be envied by suburban sixth graders. McDade, of course, is a select school which chooses its students—mostly black—from an overflowing waiting list that includes children from all over Chicago. Only 25 percent come from the immediate neighborhood. As Marlene Scott, the principal, describes, it is not unusual to have a second grader reading or doing mathematics at the fifth-grade level.

Of course this school is quite small and the class sizes are kept at 25. Also, most of the children come from families with business or professional backgrounds—though 20 percent of them do come from families which are, at the moment, receiving welfare or unemployment compensation. (Most of them also happen to be in smaller families; only 10 percent came from families with three or more children.) "Our courses," said Ms. Scott, "include Great Books, philosophy, foreign language, and music. When the children finish our school, they are fine readers and easily get into Kenwood Academy or Whitney Young Magnet High School."

Apart from these "special" schools, the basic question is, what happens in unselective, all-black neighborhood schools? Much has been written nationally about the inadequacy of the inner-city schools serving minority children. Clearly Chicago is not uncharacteristic of the problem. For example, 48 schools serving 24,000 children, all in black-inhabited underprivileged areas, in 1979 had reading and math scores of under 2.1 in the second grade and under 5.7 in the eighth grade—the latter more than three years behind the average. And there are many more schools in Chicago, serving perhaps another 100,000 children, that have only slightly better records.[2]

An equally basic question is, how are the children in the better black neighborhood schools performing? Is there hard evidence that black children can make it "on their own" as well as in integrated schools? And the answers in Chicago are remarkably positive. Though two schools stand out, there are 28 other all-black schools that serve 15,000 children and have scores almost as impressive.

At Pershing School, which accepts only children from its immediate neighborhood, the reading scores in the second grade and

[2] It may be unfair to deride all of these schools. In some cases, principals in recent years have achieved solid successes in raising the reading levels of their students. For example, in the last three years, the average scores at Schiller School, whose student population is drawn almost entirely from a public housing project, have improved from 4.5 to 6.3 at the eighth-grade level.

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eighth grade are virtually the same as at Beasley. The 240 children in the kindergarten through eighth-grade school come exclusively from several high-rise, middle-income developments that serve primarily upper-grade clerical personnel, professionals, and middle managers with incomes above the average of the black community.

John Lilek, the principal, points out that there is a reasonably high correlation between the educational level of the parents and the performance of the children. As at McDade, most of the children graduate to Kenwood Academy public high school, to the Whitney Young special high school, to Lindblom, another public high school on the south side, or to several private schools—St. Ignatius, De LaSalle, the Lab School of the University of Chicago—and occasionally to Francis Parker. Few, if any, go to Wendell Phillips, the neighborhood high school.

Very few families in the school have more than three children, so that each child gets individual attention in the home, as well as in school. "When we ask 20 parents to come to school regarding the childrens' performance, we get 20 parents," the principal explains. "They are our best resources."

The benefits of these small schools are further illustrated at the kindergarten through fifth-grade Shoesmith School, which has 190 children, 85 percent of whom are black. Shoesmith children average test scores of 3.9 in the second grade and 6.1 in the fifth grade. This school also serves a group of middle-income families living in Kenwood, near to the University of Chicago.

There is considerable demand for admission to Shoesmith by both black and white parents, but particularly black ones, for it produces students who can compete with any group of youngsters in the outlying suburbs. In fact, most of the Shoesmith fifth graders can get into the seventh grade class at Kenwood Academy, the public high school. About one-third of the faculty was pre-selected by the principal, in that they were young college interns who worked at the school either in practice teaching or as substitutes or both, and were gradually absorbed into the school. The remainder of the staff was referred directly to the school by the central personnel office. As the principal says, "I guess we were lucky. The teachers, too, seem to feel that they were lucky because there is virtually no turnover of teachers in the school."

The principal stressed as a key factor the cooperation of the parents of the 190 children. PTA meetings are poorly attended because most of the families contain two working parents, or are female-headed and the mother works. On the other hand, virtually every

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request by a teacher or by the principal to discuss a child's progress or lack of progress is given full cooperation by the parent, who not only comes but makes an active effort to do something about the problem.

The principal cited a recent example of parental effort. The day before Election Day, the parents decided that since the school was being used as a polling place, they would have a bake sale on Election Day. Notes had to go via the children. The children had to remember to bring home the notes and give them to their parents, and then the parents, most of whom were working and none of whom had warning, had less than 12 hours to buy ingredients, bake, and deliver their cookies, pies, and cakes to the school. To the principal's amazement, there was enormous cooperation; the bake sale was a huge success.

Parental involvement seems related to the lack of behavior problems. The Shoesmith principal indicated how, on one day this winter, she spoke to a friend, "an outstanding principal in an inner-city school several miles away." This principal had to cope that day with an eighth-grade youngster who had become pregnant through incest, a loaded gun which was said to be "floating" around the school, and some children who had been found with hard drugs in their possession. By comparison, the biggest problem that day at Shoesmith involved a third grader who lost his shoe in the sandbox and had to hobble around with one bare foot while teachers searched the sandbox.

Clearly, the problems of black-attended schools like Shoesmith or Pershing are not those of the typical inner-city school. And there are many middle-class neighborhoods, similar to the two in which Shoemith and Pershing are located, into which black families have moved in the last 20 years and where housing conditions have been maintained and improved. (Several months ago, I noted the effect upon the black birth rate, in an article in *Chicago* magazine: It is of considerable significance in terms of public policy that as black families climb the socio-economic ladder, get better jobs and housing and win a foothold in the middle class, birth rates drop sharply to the point that they become no greater than that of the comparable whites.)

Solid successes

In the seven neighborhoods I studied, there were 30 schools (out of perhaps 60) attended exclusively by black youngsters where read-

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ing and math scores are now within striking distance of national averages. Though their scores do not quite equal the scores at Shoesmith, Pershing, McDade, or Beasley, nor their counterparts in some outlying white areas or suburban schools, the average second-grade score of 3.0 is far above the 2.1 of schools in the inner city.

Traditionally it has been more difficult to maintain these standards in the later grades. Principals in the majority of inner-city schools have indicated that even when the youngsters in the second and third grades improve their reading scores, which seems to be occurring in many schools, they fall behind in the fourth and fifth grades and by the eighth grade are often two or three years behind the norm. But in these 30 schools the averages in the eighth grade were still 7.8, two full years better than the average in most inner-city schools. Discussion with the principals of these schools brought out a number of factors which seem significant.

The single most important fact in determining a school's success was the socio-economic status of the neighborhood. Nevertheless, not all the better schools were in the good economic neighborhoods; and not all the schools in good neighborhoods performed well. However, most of the 30 schools were in neighborhoods with higher-income families, with a preponderance of owned single-family homes, with two wage earners in the home, and with fewer than average number of family members. Most principals said their pupils come from families with less than three children.[3]

But in more than half of these schools, 25 percent or more of the children were eligible for free lunches, and in several schools more than half were eligible. While few of the schools were qualified for federal Title I funds, many of them were classified as having 30 percent or more poverty-level families in their neighborhoods. None of these schools are what would be called upper-middle-class, but neither had they many "hard-core problems." And that, according to several principals, was extremely important—none of the principals had to be involved on a daily basis with hungry, unclothed, or bewildered children, or with children whose family backgrounds left them devoid of discipline.

[3] The relatively higher income of the families whose children attend these schools has, however, its inconvenient aspects. Several principals indicated that because of the income level, they receive no federal Title I funds which denies to them the extra services they feel are indispensable to a functioning school—particularly where they have more than a minimum of underprivileged youngsters. Exactly the same point was made by some principals in outlying schools where a substantial number of black youngsters were bused and where the principal believed more services were necessary to bring these children up to a standard.

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Thus a big factor in change is not just the neighborhood, but also the willingness of the parents to cooperate. Ron Normellini, principal of Bennett and Shedd schools, and Pearl Jehn, principal of the Mt. Vernon School, pointed out the splendid parent cooperation they received. Not only do the parents come to the school when there is a problem, but there is considerable involvement of parents with students in homework and in the performance of school assignments. Discipline problems in these schools, compared to those in inner-city schools, are as different as were those between the previously mentioned Shoesmith school and inner-city schools.

Part of the improvement is the result of how this milieu contributes to the stability of the school population. In these neighborhoods of 95 percent single-family home owners, 75 percent of the present eighth-grade class started in the same school, which reflects the neighborhood's composition of single-family homes, 95 percent owner occupied. One principal, explaining the drop in his 1980 scores, said he received many new children from feeder schools. In his school only 17 percent of the students have been there since first grade.

Most of the principals believed that a key factor in the improvement of school reading and math scores was the quality of the principal, though most of them gave major credit for the success of their schools to their teaching staffs.

Inextricably bound up with the quality of the principal is the whole question of the organization and monitoring of the program. It is this bearing down on organization that many principals believe is the key to success, along with involvement of students, teachers, and parents. Many principals said they know every pupil in the school. Nick Kushta of Ruggles School said, "I know every child's reading score and if he or she slips behind I know, and I discuss the problem with both the teacher and the parents." Mr. E. Robert Olsen of Vanderpoel School said that one of his functions was to do as much routine paper and administrative work as possible, to relieve the teachers of such work so that they can devote their time to teaching. And one or two principals, notably Charles Tauchman of the Wacker School, actually teach classes. Mr. Tauchman teaches a morning class of very slow readers and an afternoon class of very high-performing math students. He does this both to help the teachers and the students, and to be involved in the teaching process.

Though several principals talked of the importance to the prin-

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cipal of having a voice in the choosing of teachers, none of these principals (except those involved in forming new schools, such as McDade, Beasley, and Shoesmith) had such a choice. Almost all said they had to take faculty sent by the central office. The best they could do was to get rid of highly ineffective teachers, which was done more by easing them out—frequently with the help of the district Superintendent—than by going through termination procedures. (It usually means transferring the teacher to another school or another district.) In a period of four years, they seem to have been able to "ease out" one to three teachers per school in staffs that range between eight and fifty.

While little dissatisfaction with staff was voiced by principals, there was general agreement that any procedure which would make it easier to get rid of ineffective teachers would improve the system still more. One principal suggested that an effective aid towards termination of undesirable teachers was to channel expressed dissatisfaction of the community into specific criticism to the central office. With this method the Board becomes aware of the community unhappiness with the particular teachers, and release or transfer is made possible.

The importance of teaching

Principals placed considerable emphasis on the value of experience and maturity among the teachers. Most of the 30 principals indicated that their success was in good part due to the maturity of the teachers and their long tenure at the school.

In most of these schools, except for turnover occasioned by transfers initiated by the central office, few teachers leave the school. Edna Perry, assistant principal at Wacker School, indicated that before the massive racial shifts of teachers several years ago, their school had mostly seasoned black teachers who knew how to teach and were excellent at it. In reassignments of teachers, a number of young, less experienced white teachers were exchanged for black teachers, and were sent to other schools. It was necessary to retrain and bring up to par these young, white teachers whose experience and organization was not up to the level of this all-black school. But most teachers remain for years, and many principals refer to the staff as a team which they feel should be broken up only for extraordinary reasons.

One example of the difficulties that can ensue when a team is broken occurred at Bryn Mawr—which, with 93 faculty members

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and 1800 children, had a huge job. Here it seems particularly important to have allowed the principal leeway with staff. Yet, in order to meet some fixed guidelines, 30 teachers were transferred out and 30 new ones brought in, thus increasing transition problems in an already somewhat transient area. The school reading scores dropped from 7.3 to 6.9 in the eighth grade. (In another school, a budget cut eliminated an Intensive Reading Instructional Program teacher. But in this school, which had only one teacher more than its assigned number of classroom teachers, the principal protested vigorously, the District Superintendent supported him, and the reading teacher's job was restored.)

According to the principals, the key to improved reading and mathematics skills was the adoption of the "continuous progress mastery learning program," which allows children to progress at their own speed and in line with their potential. Indeed, it is important to set the pace slightly above the child's ordinary progress, for as several principals pointed out, if left to their own devices most children proceed at a pace somewhat slower than their potential—"they meander instead of push."

A staunch advocate of this position was Elizabeth LaDouceur, principal of Kipling School, who pointed out that when the continuous-progress program was introduced into her school, 27 percent of the students were reading at the target level and the rest were progressing at their own rate. After four years, 69 percent are on target, an average that would be even higher if new children were not continuously coming into the system from other schools. Ms. LaDouceur stressed the importance of the time structure built into the program: "Many children feel that they can glide along in a test, and do not realize the importance that many of the tests accord to doing a task in a specified amount of time. This racing against time, then, is an important element that must be taught, particularly with black youngsters where time has often not been stressed."

The amount of time specifically devoted to reading is another vital factor. In Kipling School for example, Ms. LaDouceur said the early primary grades now spend most of their time in reading or related subjects—certainly most of the morning hours. In the intermediate grades, 45 minutes used to be devoted to reading; it is now an hour and a half. In the upper grades, reading periods have been increased from 30 minutes to one hour. Ms. Clarkson of Evers School says that they try to infuse reading instruction in many other subjects, so that the children are never very far away from reading,

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and at Caldwell School they have "Reading Olympics" and "Reading Games." Almost all 30 schools reported placing considerable emphasis on reading.

Another important element stressed was the placing of children in age or achievement groupings that were not too much for one teacher to handle. However, several of the principals insisted that the most important aspect of this so-called "tracking" is the necessity for flexibility. These groupings must be continuously shifted, as children either reach higher levels or cannot manage to keep up. Furthermore, the levels handled by any one teacher at one time must not be too widely spread. The idea of "a one-room schoolhouse" may have sentiment behind it, but little relation to educational reality today.

Ms. Edith Sims of Caldwell School, the school in the highest income all-black neighborhood in the city, explains her view of success. (The children's scores at Caldwell average 8.9 in the eighth grade, and 4.0 in the second grade.) Caldwell uses "continuous-progress mastery learning," and also has parent-teacher conferences at least four times per school year. "After we place our children in a group we monitor them, and we insist that teachers move children around within the tracking groups."

An additional element in success is the willingness to hold children back until they are performing at acceptable levels. Very few of these principals are permissive in academic terms. Virtually all believed that a youngster should not be graduated from grade school until he is reading adequately. Ms. Emmeline Clarkson of the Evers School (where children are reading at 8.2 level in eighth grade) said, "When the youngsters fall behind, we help them during the summer so that they can catch up, but if they don't catch up, we don't graduate them until they are up to standard." Mike McLaughlin, principal of Dixon School said, "Originally we were holding back one out of four children; now, although the averages are better, we still hold back one out of eight children. In short, we don't put the kids into the next level unless they can make it. There is no affirmative action here. Only the first year we adopted this system did we get parental objection. Now we get none."

A number of the principals indicated that, along with discipline and standards, a basic ingredient of progress is "morale." Many of them said that while it seems overly simplistic to talk about the necessity for pride in the children's achievements, it is extremely important. Principals must keep the teachers and parents informed of the successes of their own children and of the school in general.

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"The belief that children can succeed," said Ms. Clarkson of the Evers school, "is more than half the battle."

Mr. E. Robert Olson of the Vanderpoel School explained that morale of the school was vital. For example, while he emphasized discipline and order, he firmly believes that school must be a "joyful place" for both teachers and children. And judging from his attendance records, that is how teachers and children think of it.

What it all means

These findings indicate, first, that black youngsters can perform as well as any other youngsters if the surrounding circumstances—housing, jobs, family income, and the instructional level—are up to par. Second, significant improvements are taking place in all-black neighborhood schools serving some 20,000 mostly middle-class children.

There are also in Chicago 10,000 black children who are in integrated schools—either because of the neighborhood they live in, or because they have been bused there in one of several experimental programs—filling up to 20 percent of a school population with black children. These children are also making extensive progress and, equally important, there has not been the slightest decline in the total performance scores of the schools to which they have been transferred.[4] Certainly these results should allay the fears of suburban families who are concerned lest black children are bused from the inner city and cause dislocation in learning in the outlying schools.

Of course, we have been discussing schools which are in integrated neighborhoods or which are involved in experimental programs—and thus differ from the situations of schools artlessly integrated by means of busing programs that transport a significant percentage of an entire school. But the lesson of the schools we have studied—and of other schools in which busing is used for a modest but not insignificant percent of the student population—is that with serious attention to students' educational improvement

[4] Many studies have indicated similar findings as to the improved performance of black children, particularly when the racial integration is around 20 percent of all students as it was in most of the Chicago schools where the findings were made. Nancy St. John, in an exhaustive study of the school integration schemes, suggests that while the research does not scientifically establish that black children in integrated schools do better than before where all the variables are the same, they certainly do better in integrated schools where services are better, class sizes lower, and the children are motivated.

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in such vital areas as reading, test scores need not drop with integration—and do not. But to ensure that they do not requires dedication, understanding, and ability on the part of the school administration. There must be parent cooperation and there must be good principals.

Studies by Coleman and others have found no differences between performance of black children before and after busing, and these studies have been used to support opposition to busing. Our current survey suggests clearly that much more is necessary for improved school performance than mere integration.

There remains a big question. While 20,000 black youngsters are making it in all-black schools, and another 10,000 black children are being served well in integrated schools in Chicago, most black youngsters are still poorly served. Twenty thousand are in severely inadequate schools, and many of the remaining 125,000 are in educational surroundings that range from poor to adequate. The education of these children may be improved either by better educational efforts in their schools, or by busing, or by a combination that attempts better education in all-black schools in the early grades and busing later.

There is a rapidly expanding black middle-class whose children are ready to absorb all that any educational system can give them. The educational system must provide services in the neighborhoods where they are, or on a temporary basis must bus children to good schools until neighborhood schools can be brought up to par. And one thing is certain: If blacks can be assured the educational and employment opportunities that are the doorways to the middle class they can take care of the rest.

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The retreat from Keynesian economics

MARTIN FELDSTEIN

A major revolution in economic thinking is under way—a retreat from the Keynesian ideas that have dominated economic policy for the past 35 years. In the decades ahead this revolution in economic thinking is likely to have profound effects, not only on the national economy but also on our individual daily lives.

John Maynard Keynes once wrote that the actions and beliefs of practical men in business and government are often guided by the ideas of academic economists who have written years before or, in Keynes's own words, by the "writings of some defunct academic scribbler." For the past thirty years Keynes has been that influential defunct scribbler. The influence of Keynesian thinking cannot be overemphasized and can hardly be exaggerated. Keynes's ideas stretched far beyond the specifics of his technical writings and his influence reached far beyond the economics profession. In the decades since Keynes's death, his disciples made Keynesians of most of us. From textbooks to the press, from expert advisors to civil servants and politicians, Keynesian thinking became the "common sense" of economics. Even those who rejected Keynes's *obiter dicta* on egalitarian redistribution generally accepted a Keynesian way of thinking about national economic management.

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While some economists like Milton Friedman, Friedrich Hayek, and their students rejected Keynesian conclusions, they remained until recently a small and insignificant minority with little or no influence on policy development. Keynesian economics became the common language of policy analysis. It was therefore noteworthy but not surprising when President Nixon expressed the consensus by declaring, "We are all Keynesians now."

Fortunately, that consensus is now beginning to change. To understand why, it is important to remember that Keynes's ideas were developed in the 1920's and 1930's in Britain. When Keynes completed his major work, *The General Theory of Interest, Income, and Employment,* it was 1935 and the British economy had been experiencing an unusually high rate of unemployment for some 15 years. The traditional view that all economic fluctuations are short-lived and self-correcting seemed clearly to be false. In place of the traditional analysis, Keynes developed a theory that he believed was more appropriate to the problems of his own time. Although scholars will continue to debate whether Keynes's ideas and prescriptions were actually correct for the 1930's, it has become very clear that those ideas were not appropriate for the U.S. economy of the 1960's and 1970's when they achieved their greatest acceptance and influence.

Indeed, by the time that President Nixon declared himself to be a Keynesian, the new retreat from Keynesian economics was already beginning in the universities. The experience of the late 1960's and early 1970's had begun to make it clear to some younger economists that the Keynesian framework was not the right way to analyze the current problems of the American economy. Since then, the retreat from Keynesian economics has been gaining momentum. Fundamental attitudes about economics are changing in the universities, in Washington, and among members of the press. Some of this new thinking is reflected in what has come to be called "supply-side" economics. Although this process of intellectual change is just getting under way, it is already clear that the ideas that will influence economic policy in the 1980's and beyond will be very different from the dominant ideas of the past 35 years.

In this essay, I discuss three central ideas in Keynesian economics. In each case, the idea reflected the experience of the depression and, when applied in the very different economic conditions of the 1960's and 1970's, had very adverse consequences. I will comment on these consequences and will note the type of alternative ideas that I believe will replace the conventional Keynesian view.

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The three topics are unemployment, capital formation, and government activism. Each of these topics obviously deserves much more attention than it can be given when all three subjects are discussed in a single essay. Nevertheless, I think that it is best to consider the three subjects together in order to emphasize their interdependence in Keynesian thinking and to show why the general retreat from Keynesian economics will bring changes in all three areas.

Before turning to the first of these topics, I should emphasize that although I shall be critical of Keynesian economics, I do not for a moment doubt the important intellectual contribution that Keynes made to technical economic analysis. His ideas contributed to and strengthened economic theory. They have had a profound influence on the course of economic research and on the subsequent development of economic ideas. My concern in this essay is not with Keynes's contribution to technical economic theory but with the impact of his fundamental ideas on the course of economic policy in the past several decades.[1]

Misdiagnosing unemployment

Keynes's view of unemployment can be summarized briefly as: "Unemployment is due to inadequate demand for labor." We are all so accustomed to thinking in the Keynesian way that this may seem like a tautology. In fact, it is very far from a tautology and, when applied to the American economy in the past decade, is just plain wrong.

Keynes's view that unemployment reflects inadequate demand was clearly a product of his depression experience. During the 1930's the unemployment rate in Britain rose to more than 30 percent and many of the unemployed were without steady work for a year or longer. Keynes's theory of unemployment was intended to explain how such a high unemployment rate could persist and how it might be lowered by government policies that stimulated demand. Unfortunately, the theory that Keynes developed became so deeply ingrained in economic thinking, as powerful intellectual systems often do, that economists continued to think in terms of Keynes's theory long after the economy had become radically different. Textbooks, journalists, and politicians also applied these ideas to the

[1] In this essay I do not distinguish between Keynes's own ideas and the subsequent development and extension of those views by his disciples in what has come to be called Keynesian economics. On this distinction, see Axel Leijonhofvud, *On Keynesian Economics and the Economics of Keynes* (New York: Oxford University Press, 1970).

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American economy of the 1960's and 1970's. They pictured the unemployed as a pool of prospective workers who would remain without jobs until aggregate spending increased. Based on this diagnosis, they advocated that expansionary fiscal and monetary policies—government deficits and an expanded money supply—be used to stimulate spending by consumers and businesses.

Even a quick look at the facts makes it clear that the Keynesian analysis doesn't square with the real situation in the U.S. economy.[2] To be specific, I will describe the situation in 1979, a year when the unemployment rate was 6 percent, and therefore higher than the postwar average, but in which the economy was not actually in a recession.[3] Although every year has some unique features, the same general picture could be drawn for most years in the postwar period. And it is a picture that stands in sharp contrast to the image of a stagnant pool of job losers who must remain out of work until there is a general increase in the demand for goods and services.

In 1979, more than half of those who became unemployed were no longer unemployed at the end of four weeks. More than half of the unemployed were less than 25 years old and half of these were teenagers, many of whom were looking for part-time jobs while still attending school. More than half of those who were officially classified as unemployed did not become unemployed by losing their previous job, but were youngsters looking for their first job or those who were returning to the labor force after a period in which they were neither working nor looking for work. Moreover, nearly half of the so-called "job losers" had not really lost their job but were just on layoff waiting to be called back to work; in manufacturing firms, more than three-fourths of those who get laid off return to their original job. In short, the unemployed typically are young, have generally not lost their previous job, and have very short periods of unemployment.

Among married men, the unemployment rate was just 2.7 per-

[2] For a more complete discussion of the character of unemployment in the United States since World War II, see my "The Economics of the New Unemployment," *The Public Interest*, No. 33 (Fall 1973), pp. 3-42.

[3] There have been six brief recessions between the end of World War II and 1979 but these averaged only 12 months each. The unemployment problem of the American economy is not the temporary increase in unemployment during these recessions—the average increase in the unemployment rate from the peak of economic activity to the trough of the recession was less than two percent—but the permanently high rate of unemployment that has averaged more than five percent of the labor force over the entire postwar period, and that many economists now predict will remain at over six percent.

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cent and this included many who were just on layoff awaiting recall. For these experienced and generally skilled workers, the labor market was actually tight and the wage rate was rising rapidly. At the other extreme of the labor force, there is a small group of low-skilled individuals—many of them young and with little education—who experience long periods without work and who thus account for a substantial share of total unemployment. But their unemployment rate remains high even when labor markets are abnormally tight because they lack skills and incentives. Yet even for them, the problem is not that jobs are unavailable but that those jobs are unattractive—at least relative to their other options.

More generally, most of the unemployment that the American economy experienced over the past two decades was not due to inadequate demand but to adverse incentives and artificial barriers. These disincentives and barriers are themselves the result of government policies. Indeed, the misplaced Keynesian view of unemployment provided the rationale for these inappropriate policies. If unemployment were simply due to lack of demand, as the Keynesians believed, paying high unemployment insurance benefits would relieve financial hardship without having any adverse incentive effects. In fact, with the kind of labor markets that we have experienced in the past two decades, the existing high unemployment benefits have added to total unemployment by encouraging the unemployed to delay their return to work and by inducing employers and employees to organize production in ways that contribute to layoffs and to unemployment. Similarly, the Keynesian view that firms are deterred from hiring workers because aggregate demand is too low, rather than because wages are too high, implies that a minimum wage law could raise wages without reducing employment. In fact, the actual effect of the minimum wage has been to raise the level of unemployment among those with low skills and little experience and to prevent them from obtaining jobs in which useful skills could be acquired.

The Keynesian view of unemployment not only exacerbated the unemployment problem but also contributed to the rising rate of inflation. When economists and policy officials misinterpreted the high measure rate of unemployment as an indication of an inadequate demand for labor, they called for expansionary monetary and fiscal policies. The increasing inflation rate since the mid-1960's has been largely the result of the excess demand that was generated by these misguided monetary and fiscal policies. The Keynesian misperception of the true nature of unemployment in the postwar

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American economy has thus been a principal reason for the increases in both unemployment and inflation that have characterized the past 15 years.

Fortunately, there is a growing recognition that our high permanent rate of unemployment cannot be lowered by expansionary demand policies. An important but underemphasized aspect of what has come to be called supply-side economics is the understanding that unemployment can only be reduced by policies that correct these labor market disincentives and distortions. In a very significant departure from its traditional Keynesian position, the Congressional Joint Economic Committee adopted this view of the nature of unemployment in its 1980 annual report. There is every reason to believe that in the 1980's we will see both a more realistic appreciation of unemployment in the determination of monetary and fiscal policies and a serious attempt to reform some of the labor market policies that currently raise the rate of unemployment.

The Keynesian fear of saving

Perhaps the most direct effect of Keynesian thinking has been to retard the process of capital formation. Keynes's own writing displayed not only a lack of interest in the potential benefits of capital accumulation but also an outright fear of excessive saving. Both of these attitudes reflected the depression conditions that so strongly influenced all of his views. It is easy to understand why this was so. The depression brought with it not only a high rate of unemployment among prospective workers but also a low rate of utilization of existing plant and equipment. Because of this low rate of capacity utilization, an increase in demand could lead to higher output without any additional capital. Similarly, adding new plant and equipment to the existing stock of capital might increase the capacity to produce but would not increase actual output unless demand was also stimulated. Since an increase in capital during the depression seemed to be neither necessary nor sufficient to increase output, Keynes's theoretical analysis just ignored the role of capital accumulation in raising potential output. As a result, the economists who followed Keynes and developed Keynesian economics placed much less emphasis on expanding the capital stock than on maintaining the level of demand.

And while capital accumulation was treated as irrelevant, increased saving was considered to be positively harmful. As I indicated in the previous section, the central message of Keynes's anal-

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ysis was that the unemployment of the depression was caused by a lack of spending. This low level of spending reflected the desire of households to save more than firms wanted to invest. In short, Keynes emphasized that too much saving was at the very root of the depression. Moreover, Keynes's analysis led to the conclusion that an increased desire to save by households or businesses would not lead to more investment but would only depress the level of demand and therefore cause a further reduction in national income and employment.

The view that excessive saving could cause unemployment was not an idea that Keynes had originated. Many popular writers and even some economists, especially those in the socialist tradition, had made similar arguments for more than a century. The mainstream of the economics profession, however, had always rejected those arguments as unsound. But Keynes's position as a leading academic economist and the persuasive power of his theoretical system succeeded in converting a new generation of economists who regarded the prolonged depression as evidence that the traditional theory was insufficient and who were eager therefore for something to take its place.

The Keynesian fear of saving became a principal feature of the thinking of many of the younger economists who came to the fore in London and Washington during and after World War II. Keynes's disciples feared that the economic recovery that had occurred during the war because of the increased military spending would collapse when the war ended, sending the economy into a new depression, unless individual consumer spending rose to take the place of the reduced military spending. That fear of inadequate consumer spending or, equivalently, of excessive private saving, shaped economic policy in the immediate postwar period and influenced the institutions that continue to affect economic life.

More specifically, the Keynesian fear of saving led to a wide variety of anti-saving policies—policies designed to encourage consumer spending and borrowing and to discourage saving. In this way, the United States and Britain were very different from the other major industrial nations of Europe and from Japan. In these countries, Keynes's intellectual and professional influence was much weaker than in the U.S. and Britain. And the possibility of a new depression caused by inadequate spending seemed to be a far less serious problem than the urgent need to rebuild and replace the capital stock that had been so severely damaged during the war. As a result, those countries developed policies that were designed

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to encourage saving while the United States and Britain developed policies to discourage saving.

Unfortunately, our policies have been very successful in depressing the rate of saving. The United States and Britain have had the lowest saving rates in the industrial world during the past two decades. And since the amount of saving that any nation does effectively limits the amount of investment that it can make, these low saving rates have caused correspondingly low rates of investment.

Although there is a growing awareness that the United States has a low rate of saving and investment, few people realize just how low it is and how it has fallen in recent years. The failure to understand the extent of this problem has led, at least until recently, to an inappropriate complacency about capital formation. The evidence that has supported this complacency is that for the past two decades the United States has saved about 15 percent of gross national product. Since what is saved is invested, this has implied that we devote about 15 percent of GNP to investment. That may seem at first to be a reasonable allocation of our national income. A 15 percent saving and investment rate is about three-quarters of the average among the major industrial countries of the OECD, and therefore perhaps not too low for an affluent and relatively mature economy. And certainly any family that devotes 15 percent of its income to saving is making a reasonable provision for the future.

But these figures and this type of reasoning are totally misleading. Although 15 percent of GNP has been devoted to investment during the past 20 years, three-fifths of that investment has been needed just to replace the capital stock that is wearing out. Only six percent of GNP has actually been devoted to *net* investment, i.e., to increasing the net capital stock. This six percent net investment rate is less than half of the average net investment rate of the other industrial countries of the OECD. Half of our net investment has gone into housing and inventories, leaving only three percent of GNP for increases in the real net stock of plant and equipment used by our nation's businesses.

Over the past twenty years, this investment caused our stock of plant and equipment to grow at an annual rate of just 3.8 percent. During those years, the number of workers in our labor force grew at an annual rate of 2 percent. The amount of capital per worker therefore increased at only 1.8 percent a year. In the other major industrial countries, the amount of capital per worker grew more than twice as fast and this in turn was reflected in their more rapid growth of productivity.

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Our low rate of saving and investment became even lower in the past five years. In the second half of the 1970's, the share of national income devoted to net capital formation dropped to two-thirds of the average over the previous 15 years. As a result, the rate of growth of the stock of plant and equipment fell to less than three percent a year. And since the rate of growth of the labor force increased to more than 2.5 percent a year, the amount of capital per worker remained essentially unchanged. As a result, capital formation ceased to make any contribution to the growth of productivity during these years.

This bleak picture of capital formation in the United States is based on official government statistics. Because the government's method of estimating the capital stock makes no allowance for the special effect of the OPEC price rise, the official statistics understate the extent of our capital formation problem. The sharp jump in petroleum prices caused much of our capital stock to become economically obsolete and useless long before it would normally have worn out. In effect, OPEC destroyed a substantial portion of our capital stock. Since the official statistics do not recognize this, they overstate the growth of the capital stock in the period since 1973. A more realistic measure of the capital stock would probably show an actual *fall* in the amount of capital per worker during the past five years.

Growth and the investment imperative

Our low rate of capital formation means that we as a nation are passing up the opportunity to earn a high rate of return and to raise our future standard of living. Careful statistical calculations show that additions to the stock of plant and equipment earn a real net rate of return (before tax but after adjusting for inflation and real depreciation) of about 11 percent. Thus, by giving up a dollar's worth of consumption today, we can enjoy an additional 11 cents worth of consumption each year for the indefinite future. Or, equivalently, an 11 percent rate of return means that by giving up a dollar's worth of consumption today, we as a nation can have two dollar's worth of consumption (at today's prices) in just six or seven years. (Of course, while this high rate of return is available to us as a nation, because of taxes we as individual savers cannot on average do nearly as well. But I shall return to taxes and the difference between the pre-tax and after-tax rates of return below.)

This high rate of return on investment in plant and equipment is

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the real reason why America should save and invest more. This high rate of return means that investment translates on quite favorable terms into increased productivity, a greater national income, and therefore a higher standard of living. There has been so much political rhetoric about capital formation that it is easy to forget that this increased output is the real reason to increase investment. Contrary to much of that rhetoric, a faster rate of capital formation would not create jobs and reduce unemployment. Although more capital would make the existing jobs more productive and therefore better jobs with higher real wages, the unemployment rate will only be permanently decreased by changing the incentives and distortions to which I have already referred. Similarly, an increased rate of investment will not eliminate inflation or reduce it significantly. Although more capital would raise productivity and therefore reduce inflationary pressure (at least to the extent that the higher productivity doesn't raise money wage rates), the inflation rate will be permanently reduced only by changing the monetary and fiscal policies that currently cause excess demand and foster inflationary expectations. But while more capital formation would not cure all of the problems that afflict our economy, it would raise our rate of economic growth and earn a high real rate of return.

Why then do we have such a low rate of saving and investment? What are the policies inspired by Keynesian thinking that have caused us to pass up the opportunity for a high real rate of return? On the basis of my own research on this subject, I have concluded that our low saving rate does not reflect any single policy but rather a whole range of policies that affects every aspect of economic life: tax rules that penalize saving; a social security program that makes saving virtually unnecessary for the majority of the population; credit market rules that encourage large mortgages and extensive consumer credit while limiting the rate of return available to the small saver; and perennial government deficits that absorb private saving and thereby shrink the resources available for investment. Each of these four types of policies can be traced ultimately to the Keynesian fear of saving and to the resulting desire of politicians and their economic advisors to stimulate consumer spending and aggregate demand. In addition, the high rate of inflation in the past decade, itself a result of Keynesian policies, has interacted with the structure of tax rules, credit policies, and Social Security guarantees to discourage saving even more strongly.

I believe, moreover, that the impact of this whole array of policies has been more powerful than the sum of the separate effects

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of the individual policies taken alone. By its combination of anti-saving policies and pronouncements, the government has created an anti-saving attitude among the present generation of Americans. In effect, while the French and German governments have been telling their citizens in both words and incentives that more saving would create better jobs and a higher standard of living, our government was induced by the Keynesian fear of saving to tell the American public that saving less and spending more on American-made consumer goods was the key to jobs and prosperity.

Fortunately, professional economic thinking about capital formation has now changed. There is no longer the fear that a higher rate of saving would depress demand and raise unemployment. Instead, there is now an understanding that a higher rate of saving is necessary for increased investment and that increased investment could make an important contribution to productivity and to our standard of living. There is now also an active interest among not only economists and businessmen but also among members of Congress and other government officials in changing the policies that have kept our savings rate so low. The label "supply-side economics" now provides a fashionable handle for these ideas in the popular press and in Washington. Although there have not yet been any clear legislative results of this new direction in thinking, in the decade of the 1980's we are likely to see significant revisions of the policies that currently depress private saving—including tax policies, Social Security benefits, and credit regulations.

These revisions will, I believe, be accompanied by an abandonment of the idea that the monetary authorities should aim at a policy of easy money in order to stimulate investment. The easy money approach, which has been pursued for at least the past twenty years, has clearly failed to increase investment and has produced the inflation from which we are now suffering. Indeed, by creating inflation, the easy money policy has actually discouraged saving and diverted investment into housing, thus doubly reducing the rate of investment in plant and equipment. The traditional easy money goal should be, and is likely to be, rejected in favor of a combination of *tight* money, high real interest rates, and fiscal incentives designed to encourage investment in plant and equipment.

The faith in government activism

The third and most general aspect of the Keynesian approach to economic policy is the faith in government activism: the belief that

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the government should use discretionary fiscal policies to eliminate unemployment and should develop spending programs to eliminate all social problems. We must again look at the experience of the depression to understand the origin of these views which represent such a departure from pre-Keynesian economic thinking.

Ever since Adam Smith, economists believed that the economy functions best when it is disturbed least. They recognized that the price system is an efficient way to make the very complex and decentralized process of producing goods and services reflect accurately the preferences of consumers and workers and the cost of production. Although economists were also aware of the imperfections in the free market process, they generally concluded that the invisible hand was the best allocator of scarce resources.

The depression changed all that. A decade of high unemployment and no economic growth destroyed the faith in the market system of a majority of economists. In its place they substituted a belief in active government stabilization and then a more general confidence in the government's ability to solve social problems.

Because Keynes diagnosed the cause of the depression as an inadequate level of total demand, he prescribed an increase in government spending as a direct way of stimulating demand and thus output and employment. He reasoned that the previously unemployed workers who were hired to produce what the government purchased would spend most of their earnings on consumer goods, thereby stimulating another round of increased demand. This process would continue to repeat itself, thus making the total increase in aggregate demand a substantial multiple of the government's own increase in spending. From this simple idea for stimulating demand to escape the depression, Keynes's disciples developed an elaborate theory of fiscal policy designed to stabilize output and eliminate the business cycle.

It is significant that Keynesian stabilization called for government spending rather than monetary policy or tax incentives. The Keynesian emphasis on fiscal policy thus substantially changed the perceived role of the government. Government spending was no longer to be limited to the provision of necessary public services like defense and the court system. Instead, government spending could be used to stabilize employment and output. From this position, it was an easy step to the view that the government should also use its power to interfere in individual markets to cure social problems —providing retirement income for the aged, health care, housing, and the like.

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The results of these new views are well known to us all. The faith in government activism led to both the excessive fine tuning of the national economy and the excesses of government spending of Lyndon Johnson's Great Society programs. The overexpanded public sector today and the growth of government regulation can be traced back to the Keynesian belief in national economic management. Fortunately, the experience of the past dozen years has begun to convince a growing number of economists to reject the optimistic Keynesian view of public intervention. In its place, there is a growing respect for the ability of the market and a new modesty about the government's ability to alleviate all economic and social problems.

The uncertain future

The legacy of Keynesian economics—the misdiagnosis of unemployment, the fear of saving, and the unjustified faith in government intervention—affected the fundamental ideas of policy makers for a generation and altered such basic institutions of our economy as the tax laws, the social insurance programs and the financial system. Changing these deeply ingrained aspects of economic life can happen only slowly. But the economics profession has undoubtedly begun to re-examine and re-evaluate the Keynesian notions that have been so dominant for the past 35 years. There is a return to older and more basic economic truths and an attempt to adapt these ideas to the changing conditions of technology and affluence. From this is emerging a new view of unemployment, of saving, and of the role of government.

There is, of course, the risk that the democratic political process —with its two-year election cycle—may not be able to look far enough into the future to adopt appropriate policies. An emphasis on the present and a disregard of the future produces monetary and fiscal policies that reduce unemployment in the short run but increase both unemployment and inflation in the long run. An inability to look ahead and to defer gratification makes it impossible to develop policies to encourage saving. And a demand for instant solutions to difficult problems causes excessive attempts to use government intervention without a proper regard for its adverse long run consequences. In economic policy, as in so many other areas, myopia is the enemy of reform.

But, despite this risk, it now seems reasonable to believe that the experience of the past dozen years has educated not only the eco-

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nomics profession but also the public and the politicians. I think a new view of the economy will emerge from this experience and will bring with it better economic policies for the decades ahead.

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Economists and the environmental muddle

STEVEN KELMAN

Over the past decade, the United States has made a major commitment to improving the quality of our air and water. During this entire period, economists who think about environmental policy have, virtually without dissent, accused the government of going about the task of environmental clean-up in the wrong way.

As to the stringency of the air and water quality objectives that environmental policy should meet, there has been disagreement among economists, though probably most economists would argue that environmental objectives have been set too strictly. But as regards the regulatory *methods* to achieve whatever environmental goals have been decided on, there has been unanimity within the economics profession. Economists reject the regulatory approach that has been taken up to now, which consists of setting *standards* that require each and every polluter to reduce emissions to a specific level. Instead, they favor setting *charges* on pollutants: requiring polluters to pay for each unit of pollutant emitted and thus allowing them to avoid paying for each unit of pollution avoided.

At its simplest and most appealing, the case for using charges rather than standards in environmental policy involves economic efficiency—achieving a given social objective for less money. The

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objective in environmental policy involves meeting some level of air or water quality. But the costs of cleaning up different sources of a given pollutant can vary widely. A system of standards, like that now in place, forces "sources" (polluters) with widely differing costs to reduce emissions by the same quantity. This imposes greater social cost for a given reduction of total pollution than a system that allows attainment of that same objective through different reductions by individual sources, where those for whom it is cheaper to clean up cut their emissions more, and those for whom it is more expensive cut them less. A system of charges makes it profitable to clean up until the point where the marginal cost of further cleanup equals the charge, but unprofitable after that point. For instance, if it is relatively cheap for a certain polluting firm to clean up its emissions, it will clean up a great deal before the marginal cost of further cleanup equals the charge. If it is relatively expensive, the marginal costs of further cleanup will equal the charge much sooner.

The view that it is cheaper to achieve a given total emissions reduction using charges rather than using standards may be called the efficiency argument for economic incentives. (The meaning economists ascribe to the word "efficiency" is somewhat different from the everyday use of the term; it involves the proposition that using prices and market exchanges will result in the allocation of goods to the uses for which they are most highly valued.) Economists advocate charges as a means of introducing a quasi-market into a system where pollution was previously overproduced because use and abuse of air and water was essentially "free."

For a decade, economists have patiently and repeatedly been advocating such an "economic incentives" approach to environmental policy rather than a standards-based approach. And for most of the decade, their impact on the political and policy debates has been minimal, though recently they have begun to make headway. And with the increased entry of economists into regulatory positions in the new administration, one suspects that advocates of economic incentives approaches in environmental policy in particular and regulatory policy in general may begin to make more headway in the future.

Washington resists the idea

In 1978, together with two research assistants, I interviewed the most active Washington-based participants in environmental policy formation outside the Environmental Protection Agency (EPA).

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These included Congressional staffs for the appropriate subcommittees as well as the personal staff of subcommittee members, staff of environmentalist organizations, and staff of trade associations who dealt with environmental affairs. The purpose of the interviews was to see how knowledgeable those in Washington are about the economists' proposals and why the economists have had so little success in persuading those involved in environmental policy of the seeming sensibility of economic incentive approaches.

The results of the interviews were surprising in many respects. They shed light on the difficulties economists had had gaining support for their economic incentive proposals, because they reveal quite starkly how economists and those they have tried to persuade have been *speaking past each other*. The other participants in environmental policy making *think* they hear what the economists are saying when they argue for economic incentive approaches, when in fact they tend to react to the economists' efficiency-based arguments in terms of a different set of concerns that is more important to them, and in the light of which they tend to reinterpret the economists' words. For Congressional staff working on environmental policy and for environmentalist representatives, proposals to use economic incentives raised issues (among supporters of economic incentives as well as among opponents) of an ideological or philosophical sort about the kind of society in which we want to live. If Congressional staff and environmentalists saw issues of broad social significance in the economists' proposals, industry representatives, by contrast, saw issues of narrow significance, relating primarily to the fate of their particular industries. The concerns and operating style of industry representatives also made most of them uninterested in learning much about the economists' environmental policy ideas.

The survey showed that nearly every respondent had heard of proposals to use charges in environmental policy; only two of 63 (both of them personal staff of Congressional environmental committee members) had not. Furthermore, virtually all respondents, in response to the question "Could you explain why some people regard charges as superior to standards?" were able to cite some arguments that proponents of charges make in favor of such proposals. And the responses showed that support for pollution charges was not insignificant. For the group as a whole, Table I displays responses to the question about whether they favored introducing charges to replace regulation currently using standards.

Two things immediately stand out in the survey responses. The

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first is the pattern of support and opposition to economic incentive approaches—the most sympathetic were Republican committee staff; the most united opponents were Democratic committee staff. Environmentalists were split. Thirty-two percent favored charges, 16 percent favored experimenting with them on a limited basis to see how they worked, while 37 percent were hostile. Industry environmental lobbyists were mostly opposed to charges—15 percent favored them while 85 percent were opposed.

The pattern of responses—with the exception perhaps of the industry hostility—suggests a liberal-conservative ideological division in the reactions of respondents. This impression is dramatically confirmed by an examination of answers to a question in which respondents were asked to cite arguments that economists made in favor of charges. *What stands out dramatically was how few respondents in any of the groups surveyed cited the efficiency argument for charges.* Among all respondents, only 16 percent spontaneously cited the efficiency argument that economists make for their proposals. (To be counted as having cited the argument, the respondent need not have used the word "efficiency," but only to have explained in a minimally sufficient way the idea of cost minimization in achieving a certain goal.)

TABLE I. *Attitudes Towards Pollution Charges**

1. For charges	23%
2. Against charges	57%
3. For experiments but against full implementation	17%
4. For, but only with very gradual implementation	2%
5. For a hybrid system of charges and standards	2%

* Source: Author's interviews with 61 staff members of Congress, environmental groups, and trade associations. Percentages add up to greater than 100 because of rounding.

Respondents who did not spontaneously mention the efficiency argument for charges were specifically asked two follow-up questions. The first was, "The argument is sometimes made that using charges we could obtain any given degree of environmental quality for a lower cost than by using standards. Have you ever heard this argument for charges?" Sixty-four percent of the respondents who had not spontaneously mentioned the efficiency argument earlier claimed to have heard the argument. Yet, when then asked a follow-up, "Could you explain on what basis people make this argument?" *not a single one* was able to do so.

Instead of technical arguments about efficiency, Congressional

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and environmentalist respondents gave arguments best described as ideological. *Proponents of charges were endorsing, in a general ideological way, "the market" and excoriating government and bureaucrats; opponents of charges were uneasy about or hostile to "the market" and more convinced of the necessity for the government, bureaucrats and all.*

The ideological dimension in Congress

This tendency appeared most clearly in the responses of the Congressional environmental staff members, particularly in the Senate.

Democratic Senate subcommittee staff members were hostile to charges, while Republican Senate subcommittee staff were enthusiastic. When asked to recite what arguments were generally made in favor of charges, *both* groups emphasized general ideological arguments ("less bureaucracy," "uses the market," "appeals to self-interest"). When asked to cite what they themselves saw as the disadvantages of charges, the hostile Democratic Senate subcommittee staff also tended to give ideological objections ("shouldn't have a choice to pay and pollute," "license to pollute," "can't put a monetary price on health or the environment"). Some Democratic staff were also worried about the political difficulties of setting charges high enough, particularly at a time of less interest in the environment than during the passage of environmental legislation. By contrast, the main problem the Republican staff mentioned was the technical difficulty of setting charge levels—a narrowly focused, non-ideological concern that not a single Senate Democratic subcommittee staff member mentioned.

What was perhaps most striking about the arguments of the Republican staff was the failure of two of the three supporters of economic incentives among them to present the efficiency argument for charges. Instead, Republican supporters were mostly enamored of the market as a realm of freedom and of choice, while hostile towards government and its bureaucrats. The senior Republican staff member for the subcommittee stated spontaneously early in the interview that "philosophically, the market mechanism has greater appeal" than regulatory approaches. When asked about arguments proponents made in favor of charges, he did correctly state the efficiency argument, but only after stating that the first argument for charges was that it would "get decisions made by the guy who's going to pay rather than by the bureaucracy." After discussing

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problems he saw with getting charge proposals through Congress and setting charge levels, he concluded that on balance he was for using charges "because I trust the marketplace more than the bureaucracy."

Two other minority subcommittee staff members were more enthusiastic—and also more ideological. Both spontaneously mentioned economic incentives early on in the interview; neither saw any significant drawbacks to charges. But both thought that charges would be cheaper than standards only because the bureaucracy would be taken out of things. "Charges will be cheaper for a similar level of control, because there would be less administrative costs," said one. "You could get a whole lot better working out in the market, without bureaucratic enforcement," said the other. "Things take place independent of a big structure." As for the arguments for charges, it was first mentioned that it "relies on market mechanisms rather than bureaucrats having to make judgments. Market forces make the determination instead." Both respondents gave similar responses when asked who the main opponents of charge proposals would be. "People who like government meddling," was one response. "People disenchanted with the marketplace and private enterprise" was the other. The current regulation strategy had come about because of "disenchantment with the marketplace and private enterprise" and "a desire to kick industry in the ass."

Skeptical environmentalists

As a group, environmentalists were by far the most knowledgeable about charges—and also the most split. Table II lists the arguments cited by environmentalists for charges. Thirty-two percent cited the efficiency argument—not an overwhelming percentage, but impressive compared to no response by industrial respondents and 10 percent of the Congressional staff. Table III lists the disadvantages environmentalists saw.

With the exception of the relatively frequent mention of the efficiency argument, arguments environmentalists cited in favor of charges were relatively similar to those cited by the Senate staff. So were the disadvantages they saw. In other words, there was a significant element of general philosophy or ideology in their comments.

The Democratic staff and many of the environmentalists, in their opposition to economic incentive approaches, displayed a way of looking at the world that was very different from the way

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TABLE II. *Environmentalist Arguments for Charges**

ARGUMENT	PERCENTAGE OF RESPONDENTS
1. Correctly stated efficiency argument	32%
2. Charges make it in one's self-interest to reduce pollution	32%
3. Internalize costs; "polluters should pay"	32%
4. Less bureaucracy, simplicity	25%
5. Ease of enforcement	16%
6. Knew no arguments	16%
7. Pro-market, or anti-government comment without further justification pro-choice	11%
8. Incentive to go beyond a standard	5%
9. Uniformity	5%
10. "Based on cost-benefit considerations"	5%
11. Gave arguments for non-compliance fee only	5%

* Source: Author's interview with 19 staff members of environmental groups.

TABLE III. *What Environmentalists Saw as Disadvantages of Charges*

ARGUMENT	PERCENTAGE OF RESPONDENTS
1. Should not have a choice to pollute; "license to pollute"	37%
2. Should never set a price on health or environment	37%
3. Politically difficult to set the charge high enough	26%
4. Charges technically, economically difficult to set	16%
5. Results are uncertain	16%
6. Difficulty in changing present system	16%
7. High cost of changing the present system	11%
8. Industry could pass on costs and not control pollution	11%
9. Inequitable, inflexible, hard on poor companies	11%
10. Reopening the issue risks looser standards	5%
11. Industry uncertainty	5%

Source: Author's interviews with 10 staff members of environmental group.

economists look at it. I believe that the concerns they had mirror general values and concerns that many non-economists, and not just environmentalists, have. Environmentalists combine these general, widely shared concerns with specific values that give achievement of a good environment high weight to produce a skepticism about proposals for economic incentives in environmental policy. Looking at the general concerns that go beyond the specific values of environmentalists suggests why non-economists have problems with the proposals economists have been making.

The arguments that using charges represented an unacceptable "license to pollute," and that placing a monetary charge on pollution involved unacceptably pricing environmental quality, were, as noted above, very common among Democratic staff and environ-

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mentalists. A few comments from the interviews give a flavor of their concerns:

> When you have a manipulative approach like this, it isn't a societally-stated goal to clean up rivers.
>
> I think there's something anamolous about taxing a poison. A tax appears to sanction the poisoning.
>
> How many people would feel that by paying their money they're absolved of guilt?
>
> People should not pollute. The decision should not be up to them.
>
> I don't like the idea that pollution is a matter of choice. You shouldn't be able to pay for it.
>
> One day a courageous district attorney will prosecute these people [polluters] for murder.
>
> The demand for charges reflects the deep resentment people had at being called criminals. They want to put this on a businesslike basis. But I'm not ready to abandon that approach.
>
> That's a problem with the economic approach, that it doesn't distinguish between willful and nonwillful. Economists don't see that distinction. These words are important in environmental policy. A crime against nature is a crime against society. I am part of a policy that has been adopted and that has an important goal. If I violate that policy, that's the same as if I rape, pillage, and burn. Society should be vengeful and punitive against violators of this policy. If my son dies of cancer, I want to blame somebody, and I want somebody to be accountable.
>
> I hold both the natural and the human environment on a pedestal. When a human knowingly is destroying the natural environment or the human environment of the rest of the public for his own economic gain, that is criminal.

The respondents in the survey were not philosophers. Their uneasiness was somewhat intuitive. I believe, though, that it involved three general concerns: (1) they care about the kind of attitudes society takes towards certain behavior; (2) they care about the motivations people have when they behave the way they do; (3) they are worried about the consequences of placing previously non-priced things into a market system of buying and selling. Environmentalists apply these concerns specifically to environmental quality, to which they attach a high value They care about the motivations of polluters and wish to stigmatize polluting behavior. By contrast, the thinking of economists allows little place for these concerns, and the case for economic incentives ignores them.

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A "license to pollute"

Economists who discuss objections to charges have had trouble suppressing contempt for the "license to pollute" contention, which they interpret as an argument that, faced with a pollution charge, polluters simply will pay the charge and continue to pollute as much as before. Such an argument, in their view, demonstrates ignorance of the insight, fundamental to economics, that if something becomes more expensive to do, it will be done less frequently. To the extent that they are willing to accept the "license to pollute" vocabulary at all, economists would give the counter-argument that license fees are low charges, too low to diminish much the behavior in question. If the pollution charge is set at an appropriately high level, it certainly will decrease the total amount of pollution.

But most of the unease about charges being a "license to pollute" reflected concerns that are not addressed simply by arguing that the level of the charge can be made higher. Economics as a discipline is explicit about its inability to contribute anything to discussions of what preferences people ought to have. Furthermore, mathematical proofs of propositions regarding the ability of competitive markets to "maximize social welfare" also depend on the assumption that the individual is the best judge of his own welfare, and thus that individual preferences be recognized and left alone. These two factors, combined with the philosophical origins of contemporary neoclassical microeconomics in Benthamite utilitarianism, have produced in most economists a radically non-judgmental attitude toward people's preferences. To most economists, as to Bentham, "the amount of pleasure being equal, pushpin is as good as poetry." (This attitude, it should be noted, flows logically neither from the inability of economics to say anything as economics about preferences nor from the requirements for mathematically deduced conclusions about conditions for the maximization of social welfare. But adopting a radically non-judgmental stance does allow economists to claim more for the real-world value of their professional tools than would be the case otherwise.)

Licenses are normally given out to authorize behavior toward which society takes a positive, or at least neutral, attitude. What many of those who worry about charges being a "license to pollute" react against is the implied authorization of polluting behavior that charges represent. They fear that by replacing standards, which are social statements of acceptable and unacceptable behavior, with charges, society would be saying, in effect, that "it's OK to

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pollute as long as you pay a fee." Few environmentalists are willing to be non-judgmental—they condemn pollution. Indeed, that is at the heart of being an environmentalist—to believe, and to propagandize for the belief, that one ought to have preferences that give a clean environment a strong weight.

An economist might answer by agreeing that individual behavior that does not take its effects on others into account—such as polluting behavior absent a charge that reflects its social costs—is inappropriate. Indeed, that is why economists favor placing a charge on pollution in the first place. But if a charge is set at a level that does reflect the full social cost of the behavior in question, economists' non-judgmental attitude returns. If the charge is paid, few economists would express any criticism of a person undertaking the behavior.

It is a rare human being who does not adopt visceral judgmental attitudes—praise or condemnation—towards many behaviors. We like—or don't like—people who wear flashy clothes (or conservative ones) or who are loud (or quiet). The tendency to be judgmental probably arises from the basic cognitive need to categorize the things around us—for without categorizations, we could make no sense of the myriad of sensory stimuli that bombard us. At the same time, a liberal society encourages tolerance. There is also a side of most people that resents the "busy body" and endorses the "live and let live" view. There is an internal psychological tension in most people between their judgmental side and their tolerant side.

One of the grounds for condemning the behavior of others may be the costs such behavior imposes on others. But this is not the only grounds for condemning. First, if the behavior has costs in terms of things not traded in markets, one may believe that such costs cannot be (or one may not want them to be) fully expressed in monetary terms. If this is the case, paying the monetary costs of the behavior does not fully compensate for the behavior. Second, even if a certain behavior could be fully compensated by paying some amount of money, people might still feel that this behavior should be condemned. The feeling may be a remnant of the long period when people were able to impose wantonly the costs of behavior on others without compensating them, an expression of condemnation against those who still "get away" without paying the compensation, or a realization that the transaction costs of obtaining the compensation still fall on the victim or on other members of society.

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Finally, one may wish to stigmatize polluting behavior to encourage citizens to give the environment a strong weight. Certainly environmentalists, who are in the business of battling for the minds of citizens, can be expected to welcome a social statement condemning polluters as something that will help them in their battle.

Do motives matter?

A similar disjunction exists between common attitudes on the importance of motivations and those of economists. Polluters may have different motives for decisions to reduce pollution. They may do so out of a belief that they ought to abide by the law. They may do so out of a belief that they ought to act out of a concern for harming others. Or they may do so out of a desire to save money by reducing pollution so as to avoid making a larger tax payment.

Implicit—and often explicit—in arguments for economic incentives is the view that what we should care about is environmental quality. What we shouldn't care about, by contrast, is thoughts going on inside people's heads. The view of economists that we ought to care about results and not about thoughts—a view that the neoclassical economic perspective shares with a Marxist perspective, one might add—at first blush seems sensible, until confronted with some second thoughts.

The most obvious reason to care about bad motives is because they tend to produce bad results in a series of cases. It is impossible, therefore, simply to look at one case and say, "We don't care about motives, as long as the results are the same." Although there may be no difference between the results *in the individual case* of the person who tells a lie with intent to defraud and the one who misleads another without intending to do so, the behaviors of the well-intended and badly-intended individuals will produce different results.

We frequently feel differently about two given acts depending on what motivated them, even though the results are the same. Take, for instance, the importance placed on the motive of sincerity. If an employer may improve working conditions for his employees in response to market conditions because it is cheaper to improve conditions than to pay the wage premium necessary to attract people to work under the poorer conditions, or because the changes can pay for themselves in improved productivity. This

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is a superb example of how the economists' market works. Yet, if workers perceive that employers are improving conditions in order to make money, their satisfaction with the changes may then be less than if the employer made the change for another reason—say, out of concern for the workers or because of a law the workers got the government to pass—even though the results, in terms of working conditions, are the same in the two instances.

One may also argue that good motives are intrinsically good, over and above the satisfaction they may produce; bad motivation is intrinsically bad over and above any bad result it produces. (This was Kant's position when he wrote of "the absolute value of good will," which, even if it "should be wholly lacking in power to accomplish its purpose," would still "sparkle like a jewel in its own right, as something that had its full worth in itself.")

The question becomes most clearly joined in the eagerness of the advocates of economic incentives to harness self-interest. Certainly few reasonable people would deny the important role self-interest plays in human behavior. Furthermore, most people would probably agree that there are important areas of life in which self-interest has a benign or salutory effect. Two questions remain. First, does altruism have value as well? Second, if it does, should we be careful about changes in the boundaries of the areas where we encourage altruism and areas where we are indifferent to whether it exists or not?

The political sphere of life—the sphere where people decide on what actions to undertake collectively—is, because it involves others and not just one's self, a sphere in which concern for others may play an important role. This does not mean, obviously, that when most people act politically they act out of concern for others. Self-interest plays a crucial role in political as in private life. But self-interest does not have the legitimacy in political life that it has in market relations; the most narrow of special interest groups feels the need to present its arguments in public-spirited terms. To give self-interest a greater role in the political sphere, such as by decisions to "harness" self-interest in public policy areas, would have a special significance because it would involve abandoning the importance attached to concern for others in a sphere of life, the public sphere, where it traditionally has had pride of place. It is difficult to believe that such an abandonment would not signal a lower weight that society attributes to such values, and hence discourage development of preferences that give concern for others a strong weight.

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Pricing non-market things

Finally, one may oppose the effort to place a price on a non-market thing and, in effect, incorporate it into the market system out of a fear that the very act of doing so will reduce the thing's perceived value. To place a price on pollution, and hence environmental quality, may, in others words, reduce the perceived value of environmental quality.

Examples of the perceived cheapening of a thing's value by the very act of buying and selling it abound in everyday life and language. After all, the disgust that accompanies the idea of buying and selling human beings is based on the sense that this would dramatically diminish human worth. Epithets such as "he prostituted himself" are applied as linguistic analogies to people who have sold something; they reflect the view that certain things shouldn't be sold because doing so diminishes their value. A true anecdote is told of an economist who retired to another university community and complained that he was having difficulty making friends. The laconic response of a critical colleague—"If you want a friend why don't you buy yourself one"—iliustrates in a pithy way the intuition that, for some things, the very act of placing a price on them reduces their perceived value.

The first reason that pricing something decreases its perceived value is that under many circumstances non-market exchange is associated with the production of certain positively-valued feelings that market exchange does not produce. They may include spontaneity and various other feelings that come from personal relationships. If a good becomes less strongly associated with the production of positively valued feelings because of market exchange, the good loses perceived value. This can be seen clearly in instances where a thing may be transferred both by market and by non-market mechanisms. The willingness to pay for sex bought from a prostitute, I suspect, is less than the perceived value of the sex consummating love.

The second way placing a market price decreases a thing's perceived value is to remove the possibility of proclaiming that the thing is "not for sale," since things on the market by definition are for sale. The very statement that something is "not for sale" affirms, enhances, and protects a thing's value in a number of ways.

First, proclaiming a thing "not for sale" is a way of showing that the thing is valued for its own sake. By contrast, anytime somebody sells a thing for money, he demonstrates that the thing sold was valued only instrumentally. Furthermore, the common

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run of goods is exchangeable for other goods of an unrelated nature. To state that something cannot be transferred in that way places it in an exceptional category. One requires a person interested in obtaining that thing to be able to offer something else from that sphere in particular, rather than making available to him the easier alternative of obtaining the thing for money that could have been obtained in an infinity of ways. This enhances its value. If I am willing to say "You're a really kind person" to whomever pays me to do so, my praise loses the value that attaches to it from being exchangeable only for an act of kindness.

If there is something we have already decided we value very highly, one way of stamping the thing with a cachet affirming its high value is to announce that it is "not for sale." Such an announcement does more, however, than just reflect a pre-existing high valuation. It signals a thing's distinctive value to others and helps us exhort them to value the thing more highly than they otherwise might. It also expresses our resolution to safeguard that distinctive value.

If the proclamation is made that something is "not for sale," a once-and-for-all judgment has been made of its special value. When something is priced, the issue of its perceived value is constantly being raised, and a standing invitation is made to reconsider that original judgment. Were people constantly faced with questions such as "how much money could get you to give up your freedom of speech?" or "how much would you sell your vote for if you could?" the perceived value of the freedom to speak or the right to vote would have become devastated. Better not to be faced with the constant questioning in the first place. Something similar did in fact occur when the slogan "better red than dead" was launched by some pacifists during the Cold War. Critics pointed out that the very posing of this stark choice—in effect, "would you *really* be willing to give up your life in exchange for not living under communism?"—reduced the value people attached to freedom and thus diminished resistance to attacks on freedom.

Industry lobbyists are uninformed

Returning to the survey, let us examine the responses of the trade association representatives. One might expect industry people to be sympathetic to charges because they embody a market approach and because they encourage cost-benefit thinking. But the trade association people interviewed were, as a group, the

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least informed about and among the most hostile towards charges proposals. Although all stated they had heard such proposals made, they were less able to give an account of the arguments proponents made than were the other groups. A question in the survey asked respondents whether any proponent of pollution changes had ever spoken with them to convince them that charges were a good idea. Sixty-three percent of environmentalists said someone had spoken with them and all of the Congressional staffers said so. Only 17 percent of industry respondents said anybody had ever spoken with them.

Two differences between the industry and the environmental people help explain why the former were less knowledgeable about charges. First, they had fewer sources of information about policy alternatives. Second, they were more likely to limit their concerns about environmental policy to the issue of the stringency of EPA regulations.

In the part of the interview before explicit questions about charges were asked, respondents were given the statement, "You sometimes hear that it is hard for people involved in the day-to-day formulation of policy to find the time to consider policy alternatives or policy approaches different from those which come up in day-to-day legislative or agency battles." They were then asked to mention sources they might have. What is interesting is the smaller number of sources cited by industry respondents and the far greater tendency of industry respondents to get information from their constituency rather than other sources. (Forty-three percent of the industry lobbyists had no sources of information, and over half of those that did relied on member firms.) Not only were industry respondents unusually dependent for their information on member firms, but they were unusually dependent on them for their views as well. Both industry and environmentalist respondents were asked if there was any group whose support for charges would make them change their opinion. Sixty percent of industry respondents mentioned their constituency, a category not mentioned by a single environmentalist.

Industry respondents also seemed unusually single-minded in their focus on the issue of the stringency of environmental regulations. For all the groups interviewed, the question of what level of protection environmental regulation should require was a central one. But a fair number of the industry respondents, during the portions of the interview dealing with charges, kept trying to move the subject away from a discussion of charges and back to-

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wards complaints that EPA was imposing unreasonable cleanup demands.

Together, these circumstances suggested a picture of trade association lobbyists in a defensive posture, not so concerned with new ideas or policy alternatives as with warding off encroachments, and too dependent on member firms to take policy initiatives in these areas. Indeed, a number of industry respondents stated as much—that industry mainly tended to react to the proposals of others. They didn't think up new proposals themselves (and they probably wished that others wouldn't either).

Next to Democratic Senate staff members, industry respondents were the most negative towards economic incentive proposals. Industry opposition to charges could in fact be rational, because the private costs of charges to industry might often be greater than the cost of standards. (Firms would have to pay a charge for pollution emitted as well as paying to abate pollution.) Hardly a single industry respondent had a knowledge of charges sophisticated enough to see that point, however.

TABLE IV. *Arguments Industry Officials Made for Charges*

ARGUMENT	PERCENTAGE OF RESPONDENTS
1. Charges make it in one's self-interest to reduce pollution	35%
2. Internalize costs; "polluters should pay"	20%
3. Encourage technical innovation	20%
4. No advantages	15%
5. Incentive to go beyond a standard	11%
6. Pro-market, or anti-government comment without further justification/pro-choice	10%
7. Those with very high costs or slow response times are given an option/put constant pressure on all	10%
8. Know no arguments	10%
9. Stated efficiency argument but did not understand it well	5%
10. Less bureaucracy, simplicity	5%
11. Uniformity	5%
12. "Based on cost-benefit considerations"	5%

Source: Author's interviews with 20 industry representatives.

As Tables IV and V, indicate, the question of how much charges would cost industry was very much on the respondents' minds. There were a number of general negative comments about pollution charges as "just another tax," combined with fears that the charge would be used to raise revenue (and thus raised periodically for that purpose). "Taxes could go higher and higher until they became confiscatory," one respondent argued. "I can see this being ratcheted down, becoming a never-ending moving target. The more you do, the more they ask you to do." Another pointed out that nearby

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TABLE V. *What Industry Saw as Disadvantages of Charges*

ARGUMENT	PERCENTAGE OF RESPONDENTS
1. One should not have a choice of polluting if willing to pay a charge; "license to pollute"	25%
2. Dislike of money being spent as general revenues	25%
3. Charges difficult to set; technical information needed	20%
4. Inequitable (would not allow variances, would hit poor companies too hard)	20%
5. The government will set charges too high in order to raise revenue	15%
6. Industry could just pass on costs and not control pollution	10%
7. Industry uncertainty	10%
8. Health damage should never be allowed/one cannot set a monetary value on health or the environment	5%
9. Results are uncertain	5%

Source: Author's interviews with 20 industry representatives.

Montgomery County in suburban Maryland had started using a tax on disposable bottles as a revenue-generator. Some of the industry respondents did have an inkling of the fact that the private costs to them of charges might be greater than those of standards. "Currently, you don't have to abate your pollution below the standard, but an effluent tax is levied for every pound of pollution," one respondent said. "An effluent tax is in line with the zero discharge concept. It's a zero discharge regulation." Another pointed out that "the tax will continue even after correction of the pollution." A number of respondents expressed vague fears of a "double burden" of having to lower pollution levels and then having to pay a tax on residual pollution as well.

The problem with "efficiency"

When economists have called for the use of charges, they have had trouble influencing other participants in the environmental debate because they look at the world differently from others. When they talk about cost-benefit analysis, they have it easier (at least with the business community) because they are talking in terms familiar to businessmen, who make cost-benefit decisions in their businesses all the time. When they talk about their case for charges, they are on a different wavelength than almost all other participants in the debate. The economists say, "Use the market," and both supporters and opponents go on automatic pilot and react generally either for or against "the market"—not really ever hearing the narrower efficiency argument the economists are making. And if they did hear it, economists would still need to make the case

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to opponents—such as many of the environmental activists and most of the industry people—that the efficiency advantages of charges outweighed their disadvantages along other dimensions.

What economists must be—indeed, what they are when they work for charges—is *lobbyists for efficiency*, trying to influence people's preferences just the way other lobbyists do. They will need to compete against others lobbying to get people to give other, conflicting preferences a high weight. Such a view—that economists are out there joining the battle for people's preferences—goes against the grain of the image economists have of their profession. But it reflects both the reality of what is happening and, perhaps, can give economists an appreciation of the nature of the political process.

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The paradox of state government reform

JEROME T. MURPHY

Five hundred yards from the U.S. Capitol stands the new Hall of the States. An imposing white marble structure, it provides space for 29 associations of state officials and the Washington offices of 33 states. While seven of these organizations represent state education interests exclusively, a number unmatched by any other interest, all of them are concerned with state education issues.

This command post for lobbyists—the first centralized location for state delegations—symbolizes three important trends during the past twenty years: the growing power and presence of state government in the federal system; the emergence of a new state politics that has spread influence among numerous groups (including the federal government); and the increasing importance of education policy in state and federal affairs.

These trends indicate a dramatic change in the focus and power of state governments. Just twenty years ago the states were regarded, if noticed at all, as weak links within the governmental system.

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Now they seem capable of dealing with important educational issues.

But even the more progressive states, the subject of this essay, appear to be in trouble. Complaints about their role and performance are widespread, and seem to be growing in intensity. Not only do some claim that these states are excessively prescriptive, but that they are plagued by fragmentation, disarray, confusion, and lack of leadership.

Why, after the major changes of the past twenty years, are the more progressive states facing these problems? If they are in trouble, and other states are moving in that direction, what does this bode for education, the states, and intergovernmental relations? These questions are important because the states are likely to become even more crucial if President Reagan's plans for decentralization are achieved.

In this essay, I contend that many states are in trouble *because* the reforms designed to modernize and democratize state governments have worked. Their troubles are the unintended offshoots of the reforms. The problems are part of the price of success.

Two qualifications deserve emphasis, however. First, significant variety still exists among the states, making generalizations difficult. Indeed, many states are still struggling with efforts to improve their administrative and analytic capacity and responsiveness, and have yet to face the new problems explored here. Second, today's troubles in the more progressive states have no single cause—economic, demographic, cultural, and social changes are all important. But yesterday's success is a major overlooked factor. This central paradox of progressive state government—the more solutions, the more problems—lies at the heart of much of the current uncertainty about the appropriate role of state government.

The modern reformed state

Twenty years ago state government was in a different sort of trouble than today. The institutions of government were viewed as weak and ineffective, the political process as undemocratic, and the policies as biased toward rural conservative values. The states —at least most of them—seemed out of step with changing times.

Institutional problems for education at the state level were most notable in state education agencies (SEA's). While some were considered well run, most were reputed to be dull, poorly managed places, staffed by grey bureaucrats. First-rate state commissioners

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were thought to be rare and state bureaucrats poorly trained and ineffective. Most SEA's lacked the resources to carry out their then modest responsibilities, much less the institutional capacity to administer the new federal programs passed in the 1960s. In 1965, the average SEA employed 75 professionals and 15 states had fewer than 50 on their staff.

State education politics were dominated by professional educators. Decisions typically were reached behind closed doors with little participation by citizens or by general government, and with little apparent conflict. Neither governors nor legislatures had the inclination, the staff, or the expertise to challenge the hegemony of the professionals or their claim that education was "above" politics and should be treated differently from other state government concerns. "It was a game played by few with rules set by the players," Frederick Wirt says.

What the states needed, reformers thought, was to become more modern and democratic. Education reformers at the federal level were most concerned about SEA's—they needed to be bigger, better managed, free from patronage, and staffed by a new breed of professionals, some trained in the social sciences. The SEA's needed to take a strong leadership role, basing their actions on solid research and on better information about education.

Other reformers concentrated on other institutions of government and the political process: strengthening the institutional capacity of general government; fighting to end the rural domination of legislatures; opening up the political process to make it more responsive to those outside the education establishment. In short, the states needed to catch up with the times.

Many states have caught up. SEA's, legislatures, governors' offices, and other units of state government are quite different places than they were twenty years ago. To a remarkable degree, the hopes of the reformers have been realized.

Perhaps the most significant changes have taken place in state legislatures. Largely because of what Ellis Katz calls a "true reapportionment revolution," cities and suburbs are now much better represented, producing "a higher proportion of younger, better educated legislators, and a marked increase in the representation of ethnic minorities, notably blacks." In general, state legislators now are thought to be more intelligent, assertive, independent, diverse in background, and critical of government policy.

Moreover, legislatures now possess the institutional capacity to take a stand on more issues, including education. They have

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streamlined their procedures, installed data processing equipment, and established various oversight committees to keep an eye on the executive. They have substantially increased the size of their staffs. In California, for example, the number of legislative employees grew from about 50 in 1950 to more than 700 in 1974. In New York State, the number of staff members grew from about 850 in 1966 to more than 1400 in 1972. While other states have not shown the same dramatic increases, significant growth can be found in at least 40 of the 50 states.

Similar institution-building has taken place in other units of state government. Governors' offices are bigger, better staffed, and now have the capacity to take an active interest in education, particularly on financial and social matters. Attorneys general's offices, budget offices, planning offices, mental health agencies, energy offices, labor relations units, and more have enhanced their institutional capacity and have become more involved with education.

Equally important changes for education have taken place in SEA's. The growth in state resources and activity has attracted state commissioners who are more aggressive, policy-oriented, diverse in background and training, and committed to equality of educational opportunity. Their staffs contain more minorities and women, and more professionals with training in the social sciences, journalism, management, and the law. Commissioner Gregory Anrig of Massachusetts, for example, points with pride to his top staff, which includes a former legislator, a newspaper reporter, an urban planner, and a graduate of the Harvard Business School.

These changes have been translated into increased sophistication, both managerially and analytically. State officials have a better understanding of modern notions about good management and better access to research findings. They know how to use modern computer technology, and they have the expertise to pump out evaluations and reports on the state of education. "Inside, we're just a lot better technically," Anrig says. "We can master information and information is power. We're just substantially more sophisticated than 10 or 15 years ago."

The SEA's are also much bigger—they have doubled and tripled in size since the mid-'60s, and the amount they receive from the federal government for their administrative budgets has grown to an average of 40 percent of the total. All this contributes to their growing influence and visibility. "I think the perception that we're folks that live under rocks is changing," says Dolores Colburg, former state superintendent in Montana.

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This is not to suggest that state institutions with an interest in education are organizational heavens: Many are still plagued with managerial and human resource problems, particularly at lower levels. It is still easy to find bureaucratic inefficiences, hidebound behavior, and archaic procedures. Minorities and women are still under-represented in leadership positions. But it is clear that today's weaknesses in many state governments cannot principally be attributed to yesterday's problems of poorly qualified state officials, out-of-date management, and unhealthy state institutions.

"Getting into the act"

State political processes have been reformed, too. State policy systems, no longer the captive of state education establishments, are now far more accessible to interest groups and open to public view. The adoption of a large number of policy reforms reflects a new responsiveness on the part of state governments to these groups.

Within government, the most important change is the heavy involvement of legislators and governors in educational matters. Spurred on by worries about money, school quality and social issues (e.g., integration), general state government has used its new staff and expertise to challenge education professionals and to remove education from its privileged perch "above politics."

There's a different cast of participants outside government as well. Those with access to state education decision-making include new pressure groups in addition to the component parts of the old education coalitions—teachers, administrators, school boards, and parents.

Some of the new lobbies promote equality, representing such interests as urban areas, the poor, blacks, Hispanics, the disadvantaged, the handicapped, girls. Reform of state school finance laws has been promoted for the past decade by a network of scholars, foundation executives, lawyers, government officials, community organizers, and citizen groups. Other groups work for efficiency and effectiveness, lobbying for comprehensive planning, improved budgeting, accountability laws, standards for graduation, competency tests for students and teachers. More recently, some of these groups have been promoting tax limitation measures and controls on expenditures. Still other lobbies promote "the public interest." An example is Common Cause, which has been concerned with opening up the processes of government, making them fair

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through procedural safeguards, and exposing the activities and finances of politicians and state executives to public scrutiny.

Numerous other non-education groups now affect education. These include new lobbies concerned with other sectors of state government (such as health, corrections, welfare, housing, highways), as well as those promoting quality-of-life issues (such as protecting the environment, limiting growth, and conserving energy). These groups increase competition for limited resources, expand the list of competing values that government should serve, and develop policies intertwined with educational concerns.

These pressure groups have important differences, of course, but they also have important similarities. For one thing, they typically are staffed by sophisticated men and women who will use research, the media, lobbying, political contributions, and even disruption to secure government response to their claims. For another, they have been aggressive in using the courts and quasi-judicial routes. In Pennsylvania, for example, it now takes nine state attorneys, where there used to be one and a half, to respond to education lawsuits and appeals. Also common among these pressure groups is the prominence they give to the *act* of participating, not just the results. To paraphrase Jimmy Durante, not only does everyone want to get into the act, everyone can.

And they "get into the act" with substantial success—state government has become responsive as never before. In the last decade, 25 states have altered their state aid-to-education formulas. These were "fundamental overhauls," according to a recent study, "promising substantially increased resources for hard-pressed school systems and more equitable tax systems." Sixteen states now run their own compensatory education programs (compared to three in 1965), 20 states administer bilingual programs (none in 1965), and the states spend six times as much as the federal government on education of the handicapped. At least 33 states administer competency testing programs and, between 1963 and 1974, the states passed 73 laws promoting accountability.

In many states mechanisms have been established—advisory councils, citizens meetings, public hearings—to promote wider participation in decision making in what one state official called "this age of involvement." In Texas, the SEA now has some 25 advisory committees. The state spent some $200,000 in 1980 to bring people in from across the state to involve them in SEA activities. Also, laws have been passed in many states promoting "government in the sunshine" by requiring income disclosure by state officials, by

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banning secret meetings, by passing freedom-of-information laws, and by putting controls on lobbying groups.

These changes, along with the modernization of state government, support the view that many states have changed markedly for the better, at least as envisioned by good-government reformers.

The price of success

If so much has been accomplished, then why the loud complaints about the states' performance? No doubt one reason is that many state governments have been reasonably effective in empowering the "have-nots" in education. It would not be the first time that issues involving power redistribution were debated as if they were matters of efficiency.

But a major overlooked reason for the complaints is the unanticipated consequences produced by the reforms. In many states, the reforms have triggered the continuing expansion of government, and they have changed dramatically the character of state education policymaking. These changes, in turn, are "overloading" state governmental systems, creating a new set of problems as well as confusion and uncertainty.

The reformers' belief that the modernization and democratization of government would put a dent in society's needs seems reasonable. But it appears that the opposite has happened. Needs, programs, special interests, expenditures, rules, and central activities have all multiplied—out of control, some say. Modern state governments appear to have opened the floodgates of possibilities.

This can be traced in large part to the kinds of people who have been sought to modernize state governments, and who have been attracted by the new state and federal programs administered by the states. These "activist problem solvers" tend to be client-oriented professionals, rather than subject-matter specialists. They are what Ewald Nyquist, former New York State commissioner of education, calls advocates for the underdog, who see state government as a vehicle for achieving greater equality.

A second characteristic of these activists is that they tend to be single-minded in achieving their program goals. They are not inclined to weigh competing values, dwell on the expense of their program, or even entertain the notion that the costs as well as the benefits of achieving rights should be considered. Jack Nix, former state superintendent of schools in Georgia, put it this way:

The problem I had with the staff—and I suspect this would be true in

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> any state department—is that they have a tendency to operate somewhat like mules . . . If you put a blind bridle on the mule so he can't see what's on either side of him, he'll go straight. Individual specialists have a tendency to have blinds on them and they can only see one little segment of the school operation, and to heck with everything else. They say, 'I want mine to be good.'

A third characteristic of this new breed is that its members tend to be policy-oriented, assuming that social problems will yield to zeal, intelligence, and governmental intervention—indeed, many of them were taught the importance of policy in graduate school. Fourth, they are conscious of the reputation of SEA's as dull, reactive agencies and they are inclined to shatter that image. "We're willing to attack the controversial," says Anrig. "We're not perceived as tools of the establishment." Fifth, they tend to be distrustful of local government. After all, one reason they are at the state level developing policy is because of the perceived failures of local governments.

Finally, and perhaps most important, these problem solvers don't just *solve* problems, they are constantly *identifying new ones.* For example, Anrig, in discussing a "much higher level of legal activity," said Massachusetts used to just react to lawsuits. Now, he says, "we very actively pursue legal routes, going out and challenging in the courts actions that have been taken by different organizations and school districts." This attribute of problem solvers has been reported also by legislators who have hired staff to reduce their workload, and instead are confronted with more issues. The more activist the problem solvers, the more problems there are—and the more pressure for more programs and expenditures.

The new activists and their programs seem to have had at least three other important effects: They have helped to raise the consciousness of various groups about their needs; they have helped to change common perceptions about the scope of governmental responsibility for solving social problems; they have helped to spur the growth of special interest groups in the states. All of this has contributed to the rising tide of citizen expectations and to expanding government.

The sequence of events in education policy went roughly like this. In the 1960's federal programs such as Title I of the Elementary and Secondary Education Act redefined the role of government and sensitized groups to their special needs. It became appropriate for federal and state governments to single out disadvantaged groups of students and put a great deal of money behind

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these new priorities. These categorical programs provided the opportunity and sometimes even the resources for the creation of program constituencies at all levels of government. These special interests grew in sophistication and were successful both in expanding federal programs and in duplicating them in the increasingly responsive states. Their activities and success bred imitation—new groups formed on behalf of previously ignored (or unrecognized) needs and clients, and used the successful strategies pioneered by others to press their cases. Success also expanded hopes and expectations, illustrating a variant of Riesman's law "the more, the more;" to wit, the more government does, it seems, the more that is expected.

Things were not quite this neat, of course, but the result has been that state governments are now faced with responding to more and more problems and demands presented by sophisticated, well-organized lobbies with high expectations.

The new-breed problem solvers in state government (in both the executive and legislative branches), working in tandem with special interest groups, have produced many new and narrow coalitions of activists, which have contributed to the growth of state government expenditures for public education. Between 1969 and 1979, state education spending increased from $16.6 billion to $46.2 billion—up 45 percent in real terms despite a decline in enrollment. The state share of public school costs rose from 39 percent in 1962 to 53 percent in 1979.

These activities have also greatly expanded central governmental decision making. State government, with its new openness and responsiveness, has become an arena for settling all kinds of problems that used to be solved locally or ignored, or were never identified. These activists have promoted the growth of rules and regulations. Particularly with their distrust of local government and with the growing unavailability of other levers (more money and staff), regulation has become the vehicle for reform. This orientation toward rules is reinforced by the tendency of bureaucracies to try to cover every conceivable contingency, as well as by the influence on state education policy of lawyers inclined to regulate processes to achieve just outcomes. "My main problem with regulations is not with the Feds," says New York City School Chancellor Frank J. Macchiarola, "but with the state bureaucrats."

In short, modernization and democratization have set in motion powerful forces for government expansion; state government has developed a momentum of its own.

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From pyramids to shopping malls

Modernization and democratization have also significantly altered the character of state policy making in education, creating a new set of institutional arrangements and power relationships. To illustrate these changes, the image of a pyramid has often been used, depicting a shift of power from local school districts (at the pyramid's base) to the state level (at the pyramid's apex). The apex symbolizes the concentration of power in the hands of a few at the top. The shift from the bottom to the top implies a loss of local power offset by an equal gain of state power—a zero-sum game. This imagery underlies the complaints about state centralization of power and the erosion of local control.

On visiting the states, however, things seem quite different. Many states have multiple centers of activity and influence at the top, rather than concentrated power, and central authority seems diffuse and widely distributed, differing on different issues and flowing in various directions.

The assumption that stronger state government has meant weaker school districts is open to challenge. To be sure, new state activities have reduced local *autonomy*—governments are now woven together by a web of relationships that make independent actions almost impossible. But power and autonomy are different. Both levels of government have grown in power because at both levels there are a lot more things to be influenced by a lot more people. This is because government programs have created new forums for bargaining, provided new resources, attracted energetic new people, and stimulated a lot more activity. Instead of a zero-sum game, then, there's been a sizeable expansion of power at both the state and local levels during the last twenty years.

Ironically, this growth in *local* power helps explain the intensity of today's complaints about state action. By providing local districts with the resources to implement state mandates, state action has also unintentionally strengthened countervailing local forces. The resources have been used to build local professional staffs who demand more, who are more sophisticated about state-local relations, who resist orders, and who are more willing and able to complain loudly about how the states are operating. Moreover, the growth in local power helps explain the seemingly contradictory behavior of critics who complain about state regulations yet seek additional state intervention. Often, state action increases not only state power but local power as well, and local officials have been willing—while complaining—to trade off some local autonomy for

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an expansion of local influence. Reflecting on this tradeoff, a Maryland lobbyist for local school boards said, "We may be our own worst enemy."

Far more accurate than the pyramid as a metaphor to depict the reformed state policy systems is a modern shopping mall with its sophisticated specialty shops, each catering to a small segment of the populace. In the state systems, specialty shops now serve the disadvantaged, the handicapped, the bicultural, the gifted, girls, blacks, Native Americans—and more. In California, for example, 21 categorical programs have been established to provide resources for education.

Government agencies are fragmented, and state "shopkeepers," their counterparts in other agencies (state, local and federal), advisory councils, pressure groups, and clients are highly interdependent. Some local shops would sink from sight without the resources of state shops, but these state shops would fail without local cooperation.

Reformed state systems, like shopping malls, can become quite crowded, particularly when they are accessible and responsive to customer demands as they must be to survive. Equally true is the potential for intense competition and contentiousness. When economic times are good, each shopkeeper can expand without much concern for other shopkeepers, for other malls or for those setting up a new shop. When times are bad, shopkeepers fight the addition of new stores, strenuously compete for business, and try to outdo each other and all the other malls in an effort to survive and prosper.

The development of an ever-expanding shopping mall government reflects the penchant of participants to focus on individual programs and the component parts of government with hardly a thought about the cumulative costs of all the new activity. Seldom asked when new programs and activities are considered are such questions as: Will the addition of this program diminish the state's capacity to operate its other priorities effectively? Will additional regulations combine with existing ones to weaken local systems? Will the public support the accumulated cost of all the programs? Should the state even be in the business of trying to solve this problem? These questions could be ignored when there was plenty of room for growth in state systems. But in crowded systems with high expectations and fierce competition for limited resources, the lack of attention to cumulative costs is overloading state systems, creating new problems.

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Overload and confusion

One problem is the weakening of the problem-solving capacity of state governments. It appears to be more difficult in the last few years for top officials to impose their priorities on the polity or to get government to move, particularly on controversial issues. This is not the old problem of a lack of first-rate state commissioners or the isolation of the education establishment—it is just the opposite. The sheer number of interdependent leaders taking part in decision making has congested and slowed the processes of government. In Texas, for example, a knowledgeable official reported that three people used to dominate school finance policy. "Now, we have 50 or so staff people, all of whom know the numbers and are well versed in the policies." Making policy used to be like driving down "a two-lane road," another Texas official said. "Now, we have a California freeway."

The strains on the system and on governmental leaders can be even worse when the system is fragmented and congested with sophisticated participants who know what they want, who are disinclined to compromise, who are no longer willing to defer to the professionals, and who can exercise veto power over proposed changes. On controversial issues in a period of austerity, these conditions can lead to bitter conflict, a breakdown in leadership. Former Pennsylvania Secretary of Education John Pittenger, for example, cites the shrillness of public life, the lack of civility in state government, and the poor functioning of the system. William Scranton says his state experienced repeated crisis when he was governor of Pennsylvania. "I do think it was easier, even ten or twelve years ago," he reported, "to have an executive program that you could get through the legislature than it is today." Governor Richard Lamm of Colorado put it this way: "Leaders aren't leaders nowadays. I am essentially an umpire, a mediator. I call the balls and strikes as they come across society's 'plate' and the different factions and groups and special interests decide who wins and who loses." A Texas state official lamented, "We used to talk about accomplishments in education. Now we talk about battles." It's little wonder that modern democratic state governments appear to be sluggish ineffective giants lacking leadership talent.

A second problem of overloaded systems has a familiar label: bureaucracy. The problem is created more by changes in scale than by human resource deficiencies or lack of management. Bigger government, even better staffed and better managed bigger government, is almost inevitably more cumbersome. The addition of new

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staff and programs leads to differentiation and specialization, to rules and regulations, and to standard operating procedures. All this makes bureaucracies more formal, more impersonal, more rule-bound, and more rigid and unwieldy.

A third problem is that a new "responsiveness" problem has replaced an old one: Government now is more responsive to minority groups but seems less responsive to the ordinary citizen. In the reformed state policy systems, as we have seen, power and influence are dispersed, special-interest politics is rampant, decision processes are more complicated and confused, and more and more decisions appear to be made by unelected officials—bureaucrats and judges. The perception can easily develop among citizens that elected officials have lost their grip on an increasingly incoherent government and that ordinary citizens can no longer control it through traditional legitimate means.

A final problem is how to deal with the new question: How much is too much? The question arises not so much because individual programs are falling below reasonable expectations, or because individual regulations are mindless, or because money is being extravagantly spent—although surely all of this exists. Rather, in twenty years many states have moved from a little to a lot of government, and the cumulative weight now undermines political support and program effectiveness. School officials complain they are swamped by the cumulative burden of regulations. The recent spate of tax limitations measures is a backlash against the cumulative costs of government. John Pittenger is probably correct in saying that "the choice, whether we like it or not, is between doing a lot of things badly and doing a few things well."

These problems of overloaded government are responsible, I think, for much of today's confusion and uncertainty about the appropriate state role in education. Other reasons can be traced to other successes of yesterday's reforms.

One is the successful introduction of social scientists and social science techniques into the affairs of the states. In the 1960's, it was assumed that scientific knowledge would help produce more objective findings and more streamlined advice for policy makers, and hence more agreement. In many states the reforms are in place in the executive and legislative branches as well as among education interest groups, but they seem to have produced the opposite result: Intellectual fragmentation accompanies the institutional fragmentation discussed earlier.

The more sophisticated analysts become, it turns out, the more

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complicated, diverse, and debatable the understanding of social reality; simple stories are replaced by multiple views of the same policy puzzle. The more self-conscious analysts become about the nature of reality, the more they realize that their reports have something to do not only with the facts "out there," but also with the way they perceive the world and with their particular biases.

These scientific advancements have led to a richer and more complicated view of state policies. And the wider distribution of analytic skills and information has shattered professional monopoly of the data needed for decision making. In these senses, things are better. But these advancements have also produced competing interpretations of the past and sharper arguments about the appropriate future. In that sense, the reforms have fostered confusion and uncertainty and have undermined the development of consensus about future policy.

Another result of the reform of state systems, with their increasing sophistication and activism, has been the development of more complex programs. Dealing with complexity inevitably breeds uncertainty. Consider, for example, the state education objectives twenty years ago: doling out more and more state money for education in a way that protected existing inequities; providing programs for the gifted and science-oriented; overseeing minimum "input" standards for such things as course requirements and teacher certification. The tasks were realistic, citizen demands were low, and success was relatively easy to attain.

Contrast that with the current list of education objectives facing modernized state government: redistributing state education dollars (where "equality" and "equity" are increasingly difficult to define); providing special attention for children who have the most intractable problems; pursuing economic and social goals as well as educational ones; measuring and improving the "outputs" (quality) of schooling; guaranteeing an adequate education to all youngsters. It's little wonder that state education systems appear inept, confused and uncertain when grappling with this set of vexing problems in a period of high expectations and high standards.

Finally, the states appear more confused and uncertain simply because their problems are now much more visible. The uncertainty is further highlighted in a time of tight budgets because of critics' demands on government to have a clear, coherent mission. Even if government were not more uncertain, it would appear that way because of government in the sunshine and the increased attention paid to modern state government.

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None of this, of course, is to deny the common view that the shortcomings of individual programs help explain the current confusion and uncertainty. Government programs have not lived up to their high expectations, causing uncertainty about government's capacity to perform and confusion about alternative strategies. But much of today's troubles look like the natural—if not expected—by-products of yesterday's successful reforms.

Coping with success and failure

This paradoxical outcome of state reform—the more solutions, the more problems—is both encouraging and sobering. It is encouraging to see that many of the 1960's reforms have been implemented with remarkable success: State agencies are more modern and sophisticated; political processes are more open and responsive; the "have-nots" are better organized and more influential; state policies are geared more toward equality. It is also encouraging to encounter many talented state education leaders who are not beset with malaise or despair, but are challenged by today's complicated problems. "I may lose 90 percent of the battles," says Anrig, "but winning the other 10 percent makes it all worth it." The states are a lot better than their reputation.

It is sobering, however, to conclude that solving some problems has produced even thornier ones. Leaders are more talented and better trained, and there is less room for leadership. Bureaucracies are better managed, and they are more fragmented. State government is better equipped to perform, and its performance is undermining support. Information is better and more widely distributed, and there is less agreement about the past and the future. Governmental processes are open, and governmental decision-making channels are jammed. The states are doing more than ever, and they are more criticized. Government has been reformed to make it more just, and it is perceived as less responsive.

It is not surprising that these outcomes have created confusion and uncertainty. We are just beginning to understand the effects of recent government reforms, not only on their beneficiaries but, equally important, on government itself. It is unsettling nonetheless to see the ways in which the solution—progressive state government—has helped generate today's troubles.

But in the final analysis, recognition that constructive governmental reform creates new problems should not be an unfamiliar lesson. If we have learned anything from the last twenty years of

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governmental activism, it is the impossibility of anticipating all the consequences of governmental interventions, particularly when goals, values, and economic conditions are rapidly changing. There are no ultimate solutions, but at best "better troubles."

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CURRENT READING

Gallup, à la Française

Americans seem willing to conduct and answer surveys about nearly everything: elections, economic well-being, psychological adjustment, sexual satisfaction, etc. But the French go about polling in their own inimitable Gallic way, as Calen Strawson reports in the May 1 issue of the *Times Literary Supplement:*

> "La France est un pays de tradition. Il lui faut des maîtres à penser. Elle aime la révérence, le génuflexion et que les écrivains lui dictent ses rêveries." Thus Gilles Lapouge, commenting on a "referendum", half serious, half in joke, conducted by the monthly literary journal *Lire*. It asked the following question of 600 writers, teachers, journalists, students, and politicians: "Among living, French-speaking intellectuals, which three, in your opinion, have by their writings exercised the greatest influence, in depth ('en profondeur'), on the evolution of ideas, letters, the arts, the sciences, etc?"
>
> Three-quarters of the 600 replied; but nearly ten per cent did so only in order to say that they could not answer the question. It is perhaps not easy to interpret. It is not clear that one is simply being asked to make a factual judgment about who has had the greatest influence, rather than a value-judgment about who one thinks ought to have had. Or rather, it is clear that the purely factual answer is required, but it is equally clear that many of those who replied did not so take the question.
>
> At the beginning of last year, Sartre might still have headed such a poll; Barthes, too, might have found a place in the top ten. But both died last year; and in the event it is Lévi-Strauss who emerges a clear winner, with 101 votes, twenty-four per cent of the total. Raymond Aron and Michel Foucault lie second and third, with eighty-four and eighty-three votes respectively. Thereafter the votes drop away rapidly. Jacques Lacan comes fourth, with fifty-one votes, Simone de Beauvoir fifth with forty-six, Marguerite Yourcenar sixth with thirty-two. Fernand Braudel is seventh with twenty-seven votes, Michel Tournier (who, characteristically, votes for himself) eighth with twenty-four, while Bernard-Henri Lévy (the "nouveau philosophe") and Henri Michaux (the poet) rank equal ninth with twenty-two. François

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Jacob the biologist is eleventh, and Samuel Beckett twelfth, tied with Emmanuel Le Roy Ladurie. Ionesco is eighteenth, while Althusser ties with Claire Bretécher the cartoonist (and with René Char, the poet, and Gilles Deleuze, the philosopher) in twenty-sixth place.

Doubtless Lévi-Strauss owes his victory to his influence as the earliest major exponent in France (outside mathematics) of that ill-defined discipline, Structuralism, whose practitioners appear to have only one thing in common—the tendency to deny that they are structuralists. Be that as it may, his victory is characteristic of the rest of the poll in two respects. First, academics are paramount—taking six of the first ten places—where once novelists and poets might have been expected to hold sway. Second, there is a marked lack of consensus: Lévi-Strauss, although the winner, only gets twenty-four per cent of the votes; such is the diversity of opinion, indeed, that only five individuals get even ten per cent; "il n'y a plus d'influence en profondeur."

Lack of consensus is the principal theme of those who replied only to say that they could not reply. It is welcomed by a few, regretted by many. None is as bitter as Jean Chalon, who nominates "un intellectuel, le Vide, et deux intellectuelles, la Vanité et la Publicité." But perhaps the most interesting thing about the referendum, in the end, is that the French are able to carry it out at all. It is very hard to imagine an English version.

Wanted: Better Numbers

In the May, 1981 issue of *INC.* magazine, Professor Albert Shapero from Ohio State University discusses business failures and statistical misinformation:

> One of the biggest barriers to entrepreneurship is the widespread notion that almost all new businesses fail in very short order. This myth discourages young people who might think of going into business for themselves, and it influences important people who affect start-ups, like bankers, government officials, and professors (who ought to know better). Why start a business when you know you're doomed to fail?
>
> I like to collect estimates of business failure rates because they're such a marvelous mixture of extremes. I always ask my students how many new companies fail each year. The most popular belief is that 90% of all new companies fail in their first year. This is the number my students give me year after year, and I keep wondering where it got started and how it got such wide currency. A less dramatic number, one quoted by academic types and found in serious tomes, is that more than 65% of all new companies fail by their fifth year, most of those in the first three years of their existence.
>
> My favorite "statistic," however, came from a newspaper column answering the questions of children; it was printed, appropriately enough, on the same page with the comics, and stated seriously that all businesses fail "eventually." I can go along with that.
>
> Now, just think a bit. According to the 1979 *Statistical Abstract of the United States*, published by the Bureau of the Census, the Internal

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Revenue Service counted 11,416,000 businesses of all kinds in 1965, and 13,979,000 in 1975, an increase of 2,563,000 businesses in 10 years. If the failure rate for new businesses had been 90% during the same period, there would have to have been about 2,563,000 start-ups a year to achieve the rate of increase. One out of every 17 families not already engaged in business would have started a new business each year. The 90% failure rate is clearly a myth, as that simple calculation alone shows.

Keep thinking. The only "official" failure rates available are in government publications such as the *Statistical Abstract*. If you look closely at them, using a magnifying glass on the microscopic footnotes, you will find that they're supplied by Dun & Bradstreet. Now just a minute! How does Dun & Bradstreet know the failure rate? There are more than 14 million businesses in the United States. The Dun & Bradstreet reference book lists something like 3 million names. A call to their research department elicits only the claim that they keep track of around 4 million American companies.

The largest number of failures in a year reported by Dun & Bradstreet between 1965 and 1975 was 13,514, or 53 per 10,000—something on the order of one-half of one percent of the companies in their files. If you extrapolate the D&B figures to the total number of companies reported by the IRS, you get about 60,000 business failures per year. Obviously there's no way that figure could be 90% of all start-ups and still provide a residue of 256,300 surviving new businesses a year.

An economist friend of mine was shocked when I questioned Dun & Bradstreet's figures and quoted the head of D&B research, who once told me in all candor that the failure and start-up numbers meant nothing. My colleague was disturbed because so many learned papers and analyses had been published on the basis of those data, including more than a few essays on the *reasons* for failure, such as "bad management."

The fact is that no one knows the start-up rate or the failure rate. In fact, we don't even know what "failure" means. Do we mean bankruptcy? In 1975 there were over 254,000 filings for bankruptcy, of which fewer than 29,000 were those of merchants, manufacturers, farmers, professions, and other businesses. But many people got out of business without declaring bankruptcy, working like hell to settle every debt even though they have to close the doors of their businesses.

Other businesses close because their owners reach retirement age and have no one to turn the company over to. I've encountered dozens of entrepreneurs whose sons and daughters had gone off to good universities that changed their perspectives on what is good to do, so that now they work as accountants for United Astrology Corp. and only come home for Christmas. Still others shut down because they're bored. Maybe it has something to do with the '60s, but there's a lot

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of questioning going on about the quality of life and what's really worth doing. It's not unusual today to see a business close because the entrepreneur simply isn't interested in it anymore. Are these business failures?

And is failure really failure? Many heroes of business failed at least once. Henry Ford failed twice. Maybe trying and failing is a better business education than going to a business school that has little concern with small business and entrepreneurship. I always enjoy meeting people on airplanes or at professional get-togethers, who tell me they failed once but are thinking of starting another business soon. I usually ask, "It's been about three years since you failed, right?" They look surprised and answer, "Yes, but how did you know?"

It takes about three years for the wounds to heal, and to realize that you really don't want to work for anyone else. The healing time is valuable because it's thinking time, and the thoughts usually come out in words like this: "This time I'm going to lease everything. I'm going to drive an old pickup truck instead of a Mercedes. I'm going to rent a quonset hut on the edge of town. I'm going to collect fast and pay slow. And boy, do I know about cash flow! I'm going to get a better accountant, shop the banks, get a lawyer that knows and likes small business, hire carefully . . ." And so on.

Business failure isn't really a loss. The resources, human and material, are still there, though they've been redistributed. What people learn from business failure may even be a gain for society. The more people who try to start new businesses, whether they succeed or not, the better off we all will be.

We need more start-ups and more failures. We certainly need a better understanding of the numbers, so that people, particularly the young, aren't discouraged before they get a chance to start.

And my, but we need better numbers.

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